STRATEGIES TO IMPROVE NORTHWEST TERRITORIES BUSINESS OPPORTUNITIES RELATED TO MINING AND EXPLORATION

Northwest Territories
Energy, Mines and Resources Secretariat
and the
Department of Economic Development and Tourism
Government of the Northwest Territories

Prepared by
Stevenson Kellogg Ernst & Whinney
Management Consultants

This "erratum" is being issued by Stevenson Kellogg Ernst & Whinney to all recipients of the report entitled "Strategies to Improve Northwest Territories Business Opportunities Related to Mining and Exploration", dated October 1987.

The following statement in reference to Northland Utilities (N.W.T.) Limited, appears on page A-16 of the report, which reads:

> "This is a privately regulated utility company owned by Alberta Power Limited, which in turn is a subsidiary of Canadian Utilities Limited. They have total N.W.T. responsibility and are involved in the production of power and waste heat from generators."

This statement implies that Northland Utilities (N.W.T.) Limited is the only electric utility company and that Northland has total N.W.T. responsibility. Both of these implications are false.

Electric utility companies in the N.W.T. consist of:

1. Northland, which serves Hay River, Enterprise, Fort Providence, Trout Lake, and Snare Lake.

2. ICG Northern Utilities Ltd., which distributes electricity to customers in Yellowknife.

3. Northwest Territories Power Corporation (formerly Northern Canada Power Commission) which is responsible for the generation and distribution of electricity in the remaining communities of the N.W.T.

This erratum has been submitted as an apology for our error in printing the above statement.

Stevenson Kellogg Ernst & Whinney
Management Consultants

Project Report

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Prepared for

Energy, Mines and Resources Secretariat
and the Department of Economic
Development and Tourism
Government of the Northwest Territories
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TABLE OF CONTENTS

Chapter			Page
I	INTRODUCTION		1
II	HIGHLIGHTS		3
	A.	N.W.T. suppliers have a 38% share	3
	B.	Potential exists for $12.5 million in added northern purchasing	3
	C.	Recommendations for capturing a larger share	4
III	THE DEMAND SIDE		5
	A.	Overall mining and exploration demand totals approximately $143 million	5
	B.	Some mines are closed or are about to be closed	6
	C.	Operating mines buy $105 million	7
	D.	We estimate exploration company purchases at $45 million	14
	E.	Summary of demand findings	17
IV	THE SUPPLY SIDE		20
	A.	An overview of suppliers	20
	B.	Community comments	23
	C.	A number of supply side business issues exist	25
V	CAPTURING THE OPPORTUNITIES		28
	A.	A potential for up to $12.5 million/ year exists	28
	B.	Specific opportunities exist for target companies	28
	C.	The initiative must come from the supply side	30
	D.	But certain obstacles exist	32
	E.	Overcoming the obstacles	32

Chapter Page

VI RECOMMENDATIONS 33

A. The N.W.T. Chamber of Mines could become a focal point 33
B. The government of the Northwest Territories has a role to play as well 36

APPENDIX

A. List and Description of Suppliers Interviewed
B. List of Government Officials Interviewed
C. List of Mining Companies Interviewed
D. List of Exploration Companies Interviewed
E. Proposed Generic Business Opportunity Guides in Letter Form and Pamphlet Form

Attachment A -- Findings and recommendations to construction sector suppliers
Attachment A -- Findings and recommendations to transportation sector suppliers
Attachment A -- Findings and recommendations to suppliers of supplies, hardware, tools, and similar equipment
Attachment A -- Findings and recommendations to groceries and dry goods sector suppliers
Attachment A -- Findings and recommendations to service sector suppliers
Attachment B -- Mining & exploration companies points of contact

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I

INTRODUCTION

In the spring of 1987, Stevenson Kellogg Ernst & Whinney was commissioned by the Government of the Northwest Territories to undertake a study that would:

- Identify the opportunities for northern business to supply a larger proportion of the exploration, development and production needs of the mining industry in the Northwest Territories.
- Outline the constraints on the northern business community in supplying a larger proportion of the required goods and services.
- Recommend methods/strategies to overcome these problems.

The need for this undertaking was identified because:

- The economy of the Northwest Territories has suffered some recent reversals, including the Beaufort slow-down, as well as recent and projected closures within the mining industry.
- Mining and mineral exploration is important as a substantial and relatively stable economic activity in the Northwest Territories.

The focus of the study was on materials, equipment and services which represent real and recurring opportunities to N.W.T.-based suppliers. One-time projects were excluded; while they may represent additional business to the supplier, the singular nature of these expenditures cannot be used to build a healthy enterprise for many suppliers.

The undertaking and this report address current and future demand and supply, and recommend practical solutions to achieve at least a $10 million import replacement target.

More specifically, the report which follows addresses:

- An overview of current levels of exploration and production activities.
- Purchasing scenarios and philosophies by mining company, and the exploration sector as a whole.

- An assessment of business opportunities including identification of specific suppliers of goods and services related to mining and exploration activities.
- The prioritizing of these business opportunities on the basis of potential for success and economic viability.
- A matching of N.W.T. business sector capability to these opportunities.
- Recommendations of measures to overcome major barriers/constraints and achieve a greater import replacement value.
- An overview of the mechanisms presently in use to encourage and to assist the development of northern business with recommendations for practical steps to improve their effectiveness.

The report is organized into the following chapters:

- Chapter II -- Highlights,
- Chapter III -- The Demand Side,
- Chapter IV -- The Supply Side,
- Chapter V -- Capturing the Opportunities
- Chapter VI -- Recommendations.

Chapter V concentrates on the recommendations to the suppliers participating in this undertaking and others who, to take advantage of this process, would gain from membership in the N.W.T. Chamber of Mines. Chapter VI concentrates on the recommendations concerning the role of the Government of the Northwest Territories and the role of the N.W.T. Chamber of Mines.

We wish to acknowledge the contribution of the Steering Committee, and especially the Chairman, Mr. Bernie Scott, as well as the cooperation of the N.W.T. mining and exploration industries through the N.W.T. Chamber of Mines.

II

HIGHLIGHTS

A. N.W.T. SUPPLIERS HAVE A 38% SHARE

Today the mining and exploration companies operating in the Northwest Territories are expending $143 million per annum for goods and services. This excludes operations on standby, those that are closed and those about to be closed.

Of this total expenditure, a substantial amount (38%) is being spent with N.W.T.-based suppliers as illustrated in Exhibit II-1.

EXHIBIT II-1
Total expenditure

	Millions $			
	Mining (1986)	Exploration (1987)	Total	% of Total
Total Goods and Services	98	45	143	100
From N.W.T. Suppliers	22	32	54	38
Imported Goods & Services	76	13	89	62

Source: Interviews and data analysis by Stevenson Kellogg Ernst & Whinney.

B. POTENTIAL EXISTS FOR $12.5 MILLION IN ADDED NORTHERN PURCHASING

Our investigations revealed that N.W.T. suppliers can improve their share, through better needs-oriented aggressive marketing, by as much as $12.5 million. But they need help! They need an information flow from a single focal point.

The demand side -- mining and exploration companies -- will not go looking for northern suppliers. They are relatively content with the existing mix of supply sources.

C. RECOMMENDATIONS FOR CAPTURING A LARGER SHARE

The demand side and the supply side must be pulled together through a common focal point. Only through the presence of a single focal point can information flow effectively, enabling the supply side to understand the needs of the industry and progressively penetrate the sales potential additional market of $12.5 million per annum.

In support of this conclusion, we have made some recommendations for improving the share that N.W.T. suppliers capture of mining and exploration company purchases.

1. **The N.W.T. Chamber of Mines could become a focal point.**

In conducting this role, we see a number of activities the Chamber of Mines should conduct:

- ► Compile and maintain a listing of N.W.T.-based suppliers/members.
- ► Plan and conduct annual Industry/Supplier symposiums or conferences.
- ► Maintain a register of demand side contacts with as much information on exploration plans as possible.
- ► Assess feasibility of a coordinated southern marketing office.

2. **The Government of the N.W.T. may have to provide seed funding.**

We see four potential roles for the Government:

- ► Fund the potential shortfall in the N.W.T. Chamber of Mines budget.
- ► Communicate initially with the suppliers participating in this project.
- ► Assist in the raising of marketing expertise of N.W.T. businessmen.
- ► Develop a model of northern costs.

III

THE DEMAND SIDE

We have identified two proponents in this objective of increasing N.W.T. purchases. The demand side comprises the mining and exploration companies that need to be convinced to purchase a larger proportion of their goods and services from N.W.T. suppliers; and the supply side, comprising N.W.T.-based suppliers who need to be shown the opportunities to increase their sales to the industry.

In this chapter we discuss the demand side of this economic equation, in terms of:

- Overall demand.
- The demand of individual mines.
- The demand of exploration companies.

A. OVERALL MINING AND EXPLORATION DEMAND TOTALS APPROXIMATELY $143 MILLION

We estimate the overall demand for goods and services from the six operating mines and the overall exploration sector, at approximately $143 million. Of this total demand approximately 38% or $54 million is currently being satisfied by N.W.T.-suppliers.

The overall demand of $143 million has been reconciled to the Price Waterhouse 1987 Report covering the 1985 production year, as shown in Exhibit III-1.

Of this total expenditure, the six operating mines acquire some $98 million per annum in goods and services (including "averaged" annual capital expenditures) of which $22 million is spent with N.W.T. suppliers; 12 exploration companies that participated in the study spent slightly in excess of $25 million, $15 million in the N.W.T. Overall some $45 million is being spent in 1987 by the total exploration sector, of which we estimate that $32 million is being spent with N.W.T.-based suppliers.

EXHIBIT III-1
Reconciliation to Price Waterhouse Report January, 1987 covering the 1985 (Table 12)

Category of expenditure	Total Expenditures ($000's)
Materials and supplies	$118,300
Professional - technical services	9,800
Contract work	36,000
Other supplies and services	21,900
	186,000
Less: mines closed or closing	43,000
	$143,000

B. SOME MINES ARE CLOSED OR ARE ABOUT TO BE CLOSED

The following mines, as shown in Exhibit III-2 have closed or are soon to be closed and accordingly are not considered further in this report.

EXHIBIT III-2
Mine closures

Mine	Total Expenditure ($000's) (1986)
Canada Tungsten	$17,350
Pine Point (estimated)	15,450
Salmita, Division of Giant Yellowknife	6,200
Terra Mines	4,000
Total	$43,000

Source: Interviews with representatives of each company except Pine Point.

C. OPERATING MINES BUY $98 MILLION

The mines operating and covered in the study are:

- Nerco Con Mine Ltd.
- Giant Yellowknife Mines Limited.
- Echo Bay Mines Ltd. (Lupin Mine).
- Treminco Resources Ltd. (Tom Mine).
- Nanisivik Mines Ltd.
- Cominco Ltd. (Polaris Mine).

With the exception of the latter two mines, these mines represent sales potential for N.W.T.-based suppliers.

As Exhibit III-3 illustrates, the six operating mines spend some $98 million per annum for goods and services. The N.W.T. content ranges from 60% for Treminco Resources to 0% for Nanisivik.

The exhibit also sources by region the remaining goods and services. The four mines within a 300 mile radius of Yellowknife and Hay River vary significantly in their purchasing content from N.W.T.-based suppliers.

We now discuss each of the six operating mines in greater detail in terms of their purchasing profile and purchasing philosophies.

1. Nerco Con Mine Ltd.

This gold mine, under relatively new ownership, acquires 39% of its goods and services within the Northwest Territories.

A summary analysis of the $15.5 million spent in 1986 by commodity is shown in Exhibit III-4.

Exhibit III-5 shows Nerco Con Mine Ltd.'s usage classification. Specifications and other details including current prices, quantity and dollar purchases per annum, as well as minimum, maximum and actual inventory levels. These data are available to interested suppliers upon request. This demonstrates the type of information available to suppliers, as well as Nerco Con Mine Ltd.'s interest in obtaining local supply. Any supplier can avail himself of this information, and can quickly identify the types of opportunities that are available for his range of goods or services.

EXHIBIT III-3
Operating Mines — purchasing profile ($000's) - 1986

	Nerco Con	Giant	Echo Bay	Treminco	Nanisivik	Polaris	Total
Tons per day	725	1,200	1,900	60	2,000	3,000	--
Total purchases	15,500	11,771	43,000	1,000	11,500	15,000	97,771
Source	%	%	%	%	%	%	%
NWT	39	27	25	60		7	22
Alberta	43	53	33	} 40			} 32
B.C.	6	6	6				
Saskatchewan/Manitoba	4	3	2				2
Ontario/Quebec	7	10	30		100	83	40
U.S.A.	1	1	4				2
Other						10	2
	100	100	100	100	100	100	100

Source: Interviews with each company.

EXHIBIT III-4
Nerco Con Mine Ltd. purchases by category for 1986

	($000's) Total Purchases	Purchases from N.W.T.-based suppliers	N.W.T. Suppliers' Market Share
Fuels	$ 1,800	$ 1,800	100%
Supplies	5,800	500	9%
Professional services	2,000	200	10%
Drilling contracts	3,000	3,000	100%
Ore hauling	350	350	100%
Machinery & equipment	1,500	--	0%
Ground transportation	1,100	300	27%
Totals	$15,550	$ 6,150	40%

Source: Nerco Con Mine Ltd. purchasing agent.

Nerco Con Mines Ltd.'s Purchasing Agent has publicly challenged N.W.T.-based suppliers to become more active in approaching the industry for orders. The response has been negligible, as illustrated by the fact that only one in a hundred suppliers making sales calls in person or over the telephone are N.W.T.-based; the remaining 99 are southern suppliers. We estimate there is an additional $1.2 million sales potential for N.W.T.-based suppliers from this mine, analyzed as:

► Supplies (usage classifications #1 - #27, and also 35, 36, 37, 53 and 54)	$1.0 million
► Professional services	.2 million
TOTAL	$1.2 million

The contact point is Mr. Leon J. Harder, Purchasing Agent, Nerco Con Mine Ltd., P.O. Box 2000, Yellowknife, N.W.T., X1A 2M1, (403) 920-4595.

2. Giant Yellowknife Mines Limited.

Giant Yellowknife Mines Limited operates a gold mine immediately north of Yellowknife, mining and milling some 1,200 tons of ore per day with an average grade of 0.23 ounces per ton. A tailings retreatment process presently being constructed should add another 30% to 40% to total gold production.

In terms of goods and services, Giant Yellowknife Mines Limited spent just under $12 million in 1986, of which 27%, or slightly in excess of $3 million, was acquired in the Northwest Territories.

EXHIBIT III-5
Nerco Con Mine Ltd. Usage Classification

Class		Class	
1 02	Fastenings	29 41	Hoist Ropes
2 03	Paint	30 42	Mucking Machines
3 04	General Hardware	31 43	Rock Drills & Jumbos
4 06	Hand Tools	32 44	Mine Locis & Cars
5 07	Belts & Liners	33 45	Miscellaneous Mining Equipment
6 08	Safety Supplies, etc.	34 46	Scooptrams
7 09	Janitor Supplies	35 47	Fuse & Explosives
8 10	Pipes and Fittings	36 48	General Mine Supplies
9 11	Valves	37 49	Miscellaneous Mine Supplies
10 23	Hoses, Tubes & Fittings	38 50	Slushers & Scrappers
11 13	Lumber & Timber	39 57	AS.PLT Packaging Unit
12 14	Steel & Metal Shapes	40 58	Conv. Screens & Feeders
13 15	Fuels	41 59	Fans & Blowers
14 16	Oils & Greases	42 60	Pumps & Vacuum Pumps
15 17	Laboratory Chemicals & Supplies	43 61	Cyclones
16 19	Packing & Gaskets	44 62	Crushing & Grinding
17 21	Computer Paper & Ribbons	45 63	Grinding Media
18 16	Electrical Wire & Cable	46 64	Filters & Cloth
19 27	Pole Line Hardware	47 65	Thick, Agit & Press
20 28	Conduits & Fitting	48 66	Mill Reagents
21 29	Lamps & Holders	49 67	Recorders & Charts
22 30	Telephone & Communications	50 68	Dust Collectors
23 31	Fuses, Fuse Links, etc.	51 70	Compressors
24 32	A/C & D/C Switches	52 71	Boilers
25 35	Motors & Generators	53 73	Gas & Diesel Engines
26 38	Miscellaneous Electrical	54 74	Automotive Supplies
27 39	Heating	55 77	Sheaves & Sprockets
28 40	Mine Hoists	56 78	Speed Reducers

Source: Nerco Con Mine Ltd. Purchasing Manual.

The biggest regional supply source is the province of Alberta, which captured $6 million of expenditure, and over 90% of that business was done with suppliers based in the City of Edmonton.

Giant Yellowknife Mines Limited has 36 usage classifications, as shown in Exhibit III-6. Detailed specifications for quotation purposes within any of these classifications are available upon request.

Similar to Nerco Con Mine Ltd., Giant Yellowknife Mines Limited's purchasing agent estimates that only one in one hundred sales calls is from N.W.T.-based suppliers.

Giant Yellowknife Mines Limited does not have a published northern preference policy; however, they are more than willing to deal with N.W.T.-based suppliers. Their priority will be competitive landed prices with an appropriate level of sales/service follow-up. We see a $1.0 - $1.4 million sales potential in Giant Yellowknife for motivated N.W.T.-based suppliers; this sales potential falls in the usage classifications 1, 2, 5, 6, 7, 8, 9, 10, 11, 12, 14, 18, 19, 20 and 22.

The contact point for interested N.W.T. suppliers is Mr. David Jarvis, Purchasing Agent, Giant Yellowknife Mines Limited, Yellowknife, N.W.T. (403) 873-6301.

3. Treminco Resources Ltd (Tom Mine).

This underground gold mining operation is located some 10 kilometers northeast of Yellowknife.

By comparison to other N.W.T. mines, Tom Mine is a small operation, producing some 60 tons of ore per day. At the time of this study, it had been in operation for some 20 months. Its ore is being milled by Giant Yellowknife Mines Limited.

They have a strong northern preference policy which is clearly illustrated by the fact that they purchased some 60% of an annual $1 million in expenditures for supplies and services in the N.W.T. One hundred percent of their $0.5 million expenditure for mining supplies is acquired from N.W.T.-based suppliers as are 90% of their small vehicles, tires, tools and sundry purchases.

All of their engineering supplies, assay supplies and services, equipment parts, ventilation, plumbing services, etc. are purchased from the south. There is a sales potential of $100,000 in this category for N.W.T.-based suppliers.

The contact point is Mr. R.T. Trenaman, President, 1110-625 Howe Street, Vancouver, B.C., V6C 2T6, (604) 687-4650.

4. Echo Bay Mines Ltd. (Lupin Mine).

Echo Bay Mines Ltd. operates a gold mine at Lupin, located 56 miles South of the Arctic Circle and approximately 300 miles northeast of Yellowknife.

EXHIBIT III-6
Giant Yellowknife Mines Usage Classification

Class		Class	
1	Miscellaneous Hardware	21	Packing
2	Drill Steel & Bits	22	Welding Supplies
3	Track and Accessories	23	Rock Drill Spares
4	Iron and Steel	24	Spare Section
5	Fasteners	25	Truck Spares
6	Plumbing Supplies	26	Trammer Spares
7	Pipe and Fittings	27	Spare Section
8	Electrical Supplies	28	Pump Spares
9	Fuel and Lubricants	29	Compressors Spares
10	Fuel overrun	30	Underground Supplies
11	Lumber	31	Loaders and L.H.D. Spares
12	Building Supplies	32	Mill Spares
13	Reagents and Supplies	33	Roaster Spares
14	Assay and Laboratory Supplies	34	Bearing and Seals
15	Grinding Balls	35	Open Pit Equipment Spares
16	Explosives	36	Diesel Loco & UG Jnbck Spares
17	Returnable containers	37	Spare Section
18	Tools	38	Spare Section
19	Hose and Fittings	39	Spare Section
20	Belts and Fasteners	99	Spare Section

Source: Giant Yellowknife Mines Ltd. Purchasing Manual

Producing some 1,900 tons of ore per day, Lupin Mine has an average grade of 0.313 ounces per ton.

Due to its size and location, Lupin Mine has an annual operating expenditure for goods and services in the order of $43 million. Approximately 25% or $11 million of these goods and services is currently acquired from N.W.T.-based suppliers.

The largest regional source for expenditures is the province of Alberta where some $17 million of goods and services is acquired, of which $13 million is spent within greater Edmonton.

Additional sales potential for N.W.T.-based suppliers is perhaps in the order of $2 to $3 million per annum, with concentration on non-perishable goods which can be shipped to Lupin during the winter ice road season, as well as services.

Due to the location of the mine, Echo Bay Mines Ltd. has acquired a Boeing 727 and accordingly has concentrated their supply sourcing activities in Edmonton. We believe that with a strong N.W.T.-based supplier lobby, based specifically on Lupin Mines operating needs, a much greater N.W.T.-based supply source is achievable.

The key decision point for acquiring goods and services is Mr. R.O. (Rolly) Kilborn, Purchasing Manager, Echo Bay Mines Ltd., 3300 Manulife Place, 10180 - 101 Street, Edmonton, Alberta, T5J 3S4, (403) 429-5827.

5. Nanisivik Mines Ltd.

This lead/zinc mining operation, owned by Mineral Resources International Limited, is located at 73 degrees north latitude on the Borden Peninsula of Baffin Island.

Currently operating at approximately 2,000 metric tons per day, it produces some 7,900 metric tons of lead concentrate and 107,000 metric tons of zinc concentrate per annum.

Nanisivik Mines Ltd. consumes approximately $12 million in goods and services per annum, primarily coming from the provinces of Quebec and Ontario. Its purchases from N.W.T.-based suppliers are non-existent, due to the location and its accessibility only by air lift and sea lift.

We see little or no sales potential for N.W.T.-based suppliers to serve this mine.

6. Cominco Ltd. (Polaris Mine).

The Polaris Mine is located 75 miles from the magnetic North Pole and is the world's most northerly base metals mine.

Mining and milling in excess of 1 million tons per year, the concentrate is shipped to European smelters during the summer months.

Spending approximately $15 million per annum in goods and services, Polaris Mine expends spends roughly $1 million per year with N.W.T.-based suppliers. This latter is primarily air service from Resolute Bay to the mine site.

Polaris has an N.W.T. purchasing preference policy; however, because of the location and the accessibility to Quebec and Ontario by way of sea lift during the summer and air lift into Resolute Bay year round, it is very difficult, if not impossible, for N.W.T. suppliers to compete on an effective landed-cost basis.

The point of contact is Mr. Jim Griffin, Purchasing Agent at the mine site, (819) 253-6001.

D. WE ESTIMATE EXPLORATION COMPANY PURCHASES AT $45 MILLION

Estimates by exploration companies for goods and services in 1987 range between $40 and $60 million. To forecast expenditures for future years is almost impossible, due to the unpredictability of exploration findings and the confidentiality of various companies' plans and programs.

For 1987 we have conservatively assumed that some $45 million will be spent in goods and services for exploration activities in the N.W.T. This estimate stems from a wide variety of opinions including Indian & Northern Affairs Canada, the Energy, Mines & Resources Secretariat of the N.W.T., and the N.W.T. Chamber of Mines.

Using the $45 million 1987 estimate, we were able to capture over half of these expenditures by interviewing 12 exploration companies. These are identified in Exhibit III-7.

As the exhibit indicates, these 12 exploration companies spend 60% or $15,259,000 with N.W.T.-based suppliers. However, a regional analysis in Exhibit III-8 shows the disparity in market share between western N.W.T. suppliers (capturing 85% of exploration expenditures in that region) and Keewatin/Eastern N.W.T. suppliers (44% share). These figures illustrate the marketing power which can be realized by having an infrastructure (as in the Yellowknife/Hay River area as opposed to the lack of infrastructure in the Keewatin Region).

To identify total expenditures by region, we assume that 35% of the overall expenditure of $45 million in goods and services is spent in the Keewatin/Eastern N.W.T. and 65% in the Western N.W.T.; as well, we are confident that we have captured almost 100% of the exploration activity in the Keewatin. From this base, we now produce Exhibit III-9, showing the total current expenditures for exploration activity in both regions.

Exploration companies appear to have a strong northern preference, with 70% of dollars spent for goods and services acquired from N.W.T.-based suppliers. As with all figures presented in this report, these values exclude direct labour, but include contracted services, which may include labour.

The regional interpretation indicates that suppliers based in the Keewatin Region could increase the 44%, we believe through increased cooperation and development of a stronger infrastructure.

EXHIBIT III-7
Participating Exploration Companies' Purchasing Profile ($000's)

	Exploration Area	1987 Total Projected Exploration Costs	Spent in the N.W.T.
Noranda Exploration Company Limited	Southern Slave Province-Tundra	$ 6,000	$ 4,971
PNC Exploration (Canada) Ltd.	Keewatin Region	325	160
Abermin Corporation	Bathurst Inlet & Keewatin Region	181	126
Bow Valley Industries Ltd.	Slave Province	791	742
Borealis Exploration Limited	Keewatin Region	8,000	3,200
Comaplex Resources International Ltd.	Keewatin Region	1,500	500
Echo Bay Mines Ltd.	Slave Province	1,404	1,284
Freeport McMoRan Gold Company	Slave Province	500	500
Trigg, Woollett, Olson Consulting Ltd.	Bear/Slave Province	1,200	947
Urangesellschaft Canada Limited	Keewatin Region	2,000	200
Homestake Mineral Development Co.	Keewatin Region	671	337
Noble Peak Resources Ltd.	Keewatin Region	2,832	2,292
Totals		$ 25,404	$15,259

Source: Interviews with company officials identified in Exhibit III-10.

EXHIBIT III-8
Participating exploration companies -- regional analysis - 1987

Region	Participating No. of Companies	Total ($000's)	N.W.T. Suppliers ($000's)	N.W.T. Suppliers %
Keewatin/Eastern N.W.T.	7	$15,509	$ 6,815	44%
Western N.W.T.	5	9,895	8,444	85
Total	12	$25,404	$15,259	60%

Source: Interviews and data analysis.

EXHIBIT III-9
Exploration companies -- implied regional expenditure - 1987

Exploration Region	Total ($000's)	N.W.T. Suppliers ($000's)	%
Keewatin/Eastern N.W.T. (35%)	$15,750	$ 6,930	44%
Western N.W.T. (65%)	29,250	24,860	85%
Totals	$45,000	$31,790	70%

Source: Data analysis.

The key contact points for the twelve exploration companies that participated in this undertaking are identified in Exhibit III-10.

EXHIBIT III-10
List of exploration companies contacted

Company	Person	Address
Noranda Exploration Company Limited	David H.R. Powers Senior Project Geologist	4-2130 Notre Dame Avenue Winnipeg, Manitoba R3H 0K1, (204) 633-7252 Yellowknife: (403) 873-5873
PNC Exploration (Canada) Ltd.	H. Shibayama, President and General Manager	2401 - 650 W. Georgia St. Vancouver, B.C. V6B 4N8 (604) 681-6151
Abermin Corporation	B.W. Smee, Exploration Supervisor	Suite 1500, N. 1075 West Georgia Street Vancouver, B.C. V6E 3C9, (604) 681-7727
Bow Valley Industries Ltd.	John Fraser, Chief Geologist	2020, 1177 West Hastings St. Vancouver, B.C. V6E 2K3, (604) 669-9220

EXHIBIT III-10 Cont'd
List of exploration companies contacted

Company	Person	Address
Borealis Exploration Ltd.	Jasi Nikhanj Vice-President, Exploration	1700, Aquitaine Tower 540 - 5th Avenue S.W. Calgary, Alberta T2P 0M0, (403) 233-2218
Comaplex Resources International Ltd.	M.W. Pyke Vice President, Exploration	901, 1015 - 4th Street S.W. Calgary, Alberta T2R 1J4, (403) 265-6973
Echo Bay Mines Ltd.	J.R. (Ryan) Cooke Exploration Manager	3300, Manulife Place 10180 - 101 Street Edmonton, Alberta T5J 3S4, (403) 429-5867
Freeport-McMoRan Gold Company	Vic Tanaka, Vice President Canadian Exploration	#57, 200 Granville Street Vancouver, B.C. V6C 1S4, (604) 684-4121
Trigg, Woollett, Olson Consulting Ltd.	R.A. Olson, Partner	10504 - 103 Street Edmonton, Alberta T5H 2V4 (403) 425-8905
Urangesellschaft Canada Limited	Michael Stuart Executive Vice President	Suite 2812, TD Bank Tower P.O. Box 19, TD Centre Toronto, Ontario M5K 1A1, (416) 361-6060
Homestake Mineral Development Co.	Peter Ronning, Senior Exploration Geologist	#604, 1380 Burrard Street Vancouver, B.C. V6Z 2H3, (604) 684-2345
Noble Peak Resources Ltd.	Norman H. Ursel, President	#1, First Canadian Place P.O. Box 24, Suite 5900 Toronto, Ontario M5X 1K2, (416) 360-8902

E. SUMMARY OF DEMAND FINDINGS

On the demand side, we find a total of $143 million being spent by the industry, $54 million with N.W.T. suppliers.

1. Mining Companies

The six mining companies spent some $98 million in 1986, of which some $22 million was spent with N.W.T.-based suppliers. We conclude that a substantial amount of purchasing is already done in the N.W.T. However, we observed no major obstacle to purchasing more in the north. In our interviews, we noted that mining companies, by and large, were interested in conducting further purchasing in the north.

However, they acknowledge that they are relatively satisfied with their current purchasing pattern, and believe that it is up to the northern suppliers to make the mining companies aware of their available goods and services.

In some cases, mining companies have been disappointed by the level of responsiveness of northern suppliers. Suppliers do not appear to have expressed much interest to the mining companies in gaining a greater share, even when specific tender requests have been issued. Mining companies expect to deal with reliable suppliers, and at a fair price. They will not go looking for northern suppliers. **As a result, suppliers must learn to market themselves to the industry.**

From our estimation of the products and services and the volumes of both, we believe that an additional $6 million in goods and services could be purchased in the N.W.T. by the mining companies located there.

2. Exploration Companies

The exploration sector will spend some $45 million in 1987 and potentially more in future years. We estimate that 70%, or $32 million, will be spent with N.W.T.-based suppliers.

Future exploration activity is dependent upon:

- Current exploration findings.
- World price of minerals.
- Government incentives.

In the case of exploration companies, major purchasing criteria are landed cost and performance. With respect to cost, exploration companies may even pay a premium to reliable N.W.T.-based suppliers. The emphasis here is on the word "reliable", since many of these exploration sites are in remote locations, without the benefit of infrastructure. For the same reason, they expect quality of product and after sales service.

Within this category, we find that some southern purchasing agents are not knowledgeable about northern supply availability. Being located in the south, these purchasers frequently use southern suppliers that are closer, appear to have lower prices, and call upon their agents on a regular basis. In spite of these detriments, N.W.T. suppliers have achieved an overall 70% share of this market.

At the same time, exploration firms indicate that northern suppliers have not been aggressive in marketing their goods and services to the exploration companies. In dealing with exploration firms, frequent contact is required since needs changes annually, with new sites being started, expanded, abandoned, etc., especially in the Eastern N.W.T.

Exploration companies expressed interest in having northern supply options, but indicated that northern supply firms would need to contact them frequently to market their goods and services directly. Continuous contact is recommended, especially in the winter months.

IV

THE SUPPLY SIDE

A. AN OVERVIEW OF SUPPLIERS

Fifty-eight (58) Northwest Territories-based suppliers expressed interest in participating in this demand/supply analysis. It should be noted that for the purposes of this report a N.W.T. branch or subsidiary of a southern company is considered to be a N.W.T.-based supplier. This recognizes that expenditures in the N.W.T. create employment and circulation of dollars, regardless of ownership.

The 58 suppliers responded through advertisements placed in the Yellowknifer and/or News North, mailers from respective Chambers of Commerce, and by direct solicitation. The 58 respondents analyzed by location are:

► Baker Lake	5
► Cambridge Bay	5
► Hay River	9
► Rankin Inlet	8
► Yellowknife	31
Total	58

In this chapter, we identify participating suppliers by location. In Appendix A we provide for each firm the product or service range, their address, telephone number names of and key officials. In Exhibits IV-1 to IV-5, we show the list of firms contacted, by community.

EXHIBIT IV-1
Baker Lake Suppliers

Suppliers

- Baker Lake Contracting & Supplies*
- Gary R. Smith & Company*
- Iglu Hotel*
- Sigyamiut Ltd.*
- The Bay*

* Indicates companies with immediate potential to supply mining and exploration companies, as discussed in Chapter V.

EXHIBIT IV-2
Cambridge Bay suppliers

Suppliers
Central Arctic Yamaha
Enokhok Development
Inukshuk Enterprises Ltd.
Parallel 69 Restaurant Ltd.
Wingmac Holdings

EXHIBIT IV-3
Hay River suppliers

Suppliers
Buffalo Airways Ltd.*
Carter Air Services*
Godwin Stores Ltd.
Igloo Building Supplies Group*
Northland Utilities (N.W.T.) Limited*
Northern Metallic Sales (N.W.T.) Ltd.*
Patterson Enterprises Ltd.*
Stan Dean & Sons Ltd.
Underhill & Underhill*

EXHIBIT IV-4
Rankin Inlet suppliers

Suppliers
Kudluk Construction*
M & T Enterprises*
Northern Purchasing and Expediting Limited*
Pissuk Cleaners Ltd.*
Rankin Inlet Building Supplies*
Rankin Inlet Lodge (Siniktarvik Hotel)*
The Hudson's Bay Company*
Yvo Airut Enterprises*

* Indicates companies with immediate potential to supply mining and exploration companies, as discussed in Chapter V.

EXHIBIT IV-5
Yellowknife suppliers

Suppliers

- A-1 Business Services Ltd.
- Air Northwest Ltd.*
- Arctic Radiator*
- Barringer Magenta Laboratories (Alberta) Ltd.*
- Bathurst Air Services & Bathurst Inlet Lodge*
- Braden-Burry Expediting Services Ltd.*
- Byers Transport Limited*
- Carron Business Services Ltd.
- Connors Drilling Ltd.*
- Classic Floorings and Installation Ltd.
- Inukshuk Management Consultants
- John Oldfield, authorized dealer for Snap-On Tools
- Nor-Dat Computer Services Ltd.*
- Norm's Stationary and Office Supplies Ltd.*
- Northern Fancy Meats*
- Northern Industrial Catering & Accommodation Ltd.*
- Northern Interiors Ltd.
- NorthwesTel Inc.*
- Northwestern Television Video*
- The Northwest Territories Construction Association
- P.C.L. Construction Northern Inc.*
- Rangifer Systems Inc.*
- Robinson's Trucking Ltd.*
- Ron's Auto Service Ltd.*
- Ryfan Electric*
- Tamarack Computers, Sales & Rentals*
- The Seafood Outlet
- UMA Engineering Ltd.*
- Weaver & Devore Trading Limited*
- Wesclean Sales (1986)
- Yellowknife Direct Charge Co-operative Limited

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* Indicates companies with immediate potential to supply mining and exploration companies, as discussed in Chapter V.

B. COMMUNITY COMMENTS

In each of the communities, we obtained comments with respect to the local suppliers' interest and ability to provide goods and services to mining and exploration companies. In this section, we discuss these comments.

1. Baker Lake

Suppliers at Baker Lake are indeed interested in being of service to exploration companies. They feel that exploration companies have not used local services in the way that they could. They have not provided information on their exploration intentions and, as a result, local entrepreneurs have not been able to respond quickly enough to new exploration work.

The community believes that exploration companies should make a greater effort to investigate local supply, and to use local supply wherever possible.

2. Cambridge Bay

We interviewed 5 businesses in Cambridge Bay by telephone and mail questionnaire. The business community did not see a natural relationship between exploration activities and the community of Cambridge Bay. Geography and transportation logistics appear to argue against Cambridge Bay serving as a natural supply point for exploration activity, other than perhaps for points north of the community.

3. Hay River

The business community of Hay River is very actively interested in providing service to mining and exploration companies. Having just lost a major customer through the closure of the Pine Point Mine, suppliers are interested in identifying new sales opportunities.

Suppliers questioned how the business community might find out about supply requirements. Clearly, they were addressing the same issue of communications between supply and demand that we have highlighted throughout this report.

They were quick to describe for us the importance of comparing a northern landed cost with a southern purchase price. They feel that frequently this type of comparison is not done properly. Customers must pay a higher price for goods and service in the north than for comparable goods and services in the south. However, if the true costs of transportation, inventory, etc. are included, they believe that their prices are competitive.

Finally, the businessmen of Hay River argue that the community is an ideal staging ground for mining and exploration needs in the north. Linked to southern Canada by road and rail, Hay River can supply all of the Slave Lake area by road, much of the western Arctic by air, and the Mackenzie and Slave Districts by barge and road.

4. Rankin Inlet

Members of the business community of Rankin Inlet expressed some interest in working with exploration companies, and have had little experience in dealing with mining companies. They are concerned about the length of time required to obtain payment from exploration companies. This time delay can affect the viability of a supply firm and its relationship with its bankers.

Many of the firms in Rankin Inlet have had work from exploration companies, but they indicate that much of it appears to be on an emergency basis. Exploration firms will obtain their annual requirements through a southern staging effort, and will only use northern firms for emergency needs. The local community would prefer to supply a larger percentage of exploration company needs, particularly on a seasonal, contracted basis.

The community believes that the Government could play a role in enforcing northern preference regulations with respect to mining and exploration purchases.

5. Yellowknife

The business community of Yellowknife expressed some interest in working with mining and exploration companies. Many of them, of course, are already working with these companies.

The business people believe that there is no focal point for the collection and dissemination of information with respect to mining and exploration company intentions, supply needs and new developments. They point out that such a focal point needs to be created, in order to serve as an information base and perhaps as a marketing force in their community.

The business people believe that as the N.W.T.'s largest community, they could supply a larger percentage of goods and services to mining and exploration companies. They believe that because they do not have information about current activities and intentions of mining and exploration companies, they lose a great deal of business to southern firms.

C. A NUMBER OF SUPPLY SIDE BUSINESS ISSUES EXIST

1. Little marketing effort is conducted by suppliers.

In our interviews with 58 existing and potential suppliers, we found that little marketing effort was undertaken by the N.W.T. supply community. For the most part, suppliers wait until the mining or exploration company approaches them with specific needs.

We would expect that a hungry and aggressive business community would organize itself to market its goods and services to mining and exploration companies. We did not find this to be the case.

2. Little marketing expertise exists.

By and large, many of the supply firms interviewed are entrepreneurial, with expertise in the specific good or service being provided. Many of the key people have little marketing expertise. These people are not skilled in demand analysis, product/service organization to meet demand, price/distribution techniques, promotion, selling, etc.

We believe this lack of marketing expertise may be one of the major hindrances in expanding the share captured by N.W.T. suppliers. We have found in other projects that great opportunities may exist, but this lack of marketing expertise holds back the ability of the industry to capture the opportunity.

3. Southern purchasing agents may not understand the realities of northern costs.

Many suppliers in the north are convinced that southern purchasing agents do not make valid comparisons between southern costs and northern landed costs. In comparing only the purchase price of a good in the south and a similar good in the north, they are alarmed at the high cost of the northern good. As a consequence, they buy the good in the south and separately pay for transportation to the north. The northern supplier's point is that when all costs are included, northern suppliers can more than adequately compete with southern prices.

On the other hand, northern suppliers may not recognize that not all costs are incremental. For example, a southern purchasing agent can obtain goods in the south and stage all goods for a single shipment to the north. Through this mechanism, they can perhaps achieve greater economies than by purchasing in the north. This statement is of greater relevance to exploration companies with operations in the Eastern N.W.T.

The point is that little information exists on the comparative costs of northern and southern purchasing.

4. N.W.T. suppliers make little contact with southern purchasing agents.

In our interviews with N.W.T. suppliers, we found two that maintained offices in southern Canada. Both suppliers claimed that these offices were extremely useful in providing advance notice of new projects, and maintaining contact with southern decision-makers.

Aside from these two, we found almost no contact by northern suppliers with potential southern purchasing agents. In some cases, we know, supply and purchase decisions are made in southern Canada. Without this contact, northern suppliers may miss opportunities for northern supply.

5. No advance information system exists for new projects.

Northern suppliers indicate that frequently they hear about new projects after they have begun. By this stage, provision of goods and services has been put in place, and only limited supply opportunities exist.

Suppliers indicated that an advance information system on new projects (particularly for exploration projects) would be an extremely useful device.

6. Cash flow difficulties arise in dealing with exploration firms.

Particularly in some of the more remote communities, suppliers indicated to us that dealing with exploration firms can involve a 3-6 month payment period. A supplier will generate an invoice some time after the provision of the good or service. This is then sent by mail to the company's accounting office, typically in southern Canada. Frequently, the invoice is then mailed for approval to the foreman or supervisor at the exploration site. Once this approval is provided, the invoice is then sent by mail back to the firm's accounting office in southern Canada. At some later time, a cheque is issued and again sent by mail to the supplier in the N.W.T. In some cases, where there is no documentation on the order from the exploration firm, this process can consume a great deal more time.

7. We found little business hunger.

We had expected to find northern businesses vitally interested in expanding their market base through provision of goods and services to mining and exploration companies.

We found firms interested in expanding their business base, but not aggressively so. There appears to be a substantial amount of business complacency in certain of the N.W.T. communities. A good deal of business already exists, particularly with the various levels of government as customers.

While we found some very aggressive firms, we were disappointed with the overall level of business hunger that we encountered.

8. A perception exists that Government should help.

In a number of communities the role of Government was mentioned as a party that should be able to help suppliers -- in some cases, through enforcing northern purchases.

As part of this project, we interviewed a number of officials from all levels of government. A list of people interviewed is provided in Appendix B. We found no programs aimed specifically at suppliers to the mining and exploration industry.

In Chapter VI we recommend a role for Government in helping suppliers.

* * *

In the next chapter, we identify the opportunities that are available, and discuss what needs to be done to capture those opportunities.

V

CAPTURING THE OPPORTUNITIES

A. A SALES POTENTIAL FOR UP TO $12.5 MILLION/YEAR EXISTS

As discussed in Chapter III, we see a sales potential over existing N.W.T. expenditures of just under $6 million with the operating mines.

In terms of exploration companies, and based on 1987 exploration levels, we see at least a $5 million sales potential, partly in the Keewatin Region.

From all of our interviews on the demand side we also see an increasing overall expenditure budget for the N.W.T. in the coming years.

We had agreed at the beginning of this assignment to provide a list of 10-20 specific opportunities. These are the opportunities that would be defined in terms specific enough for individual entrepreneurs to pursue. We can provide this list; however, it would be a list of at least 1,000 not 10-20.

At the beginning of this assignment, we had expected that we would find a relatively small number of opportunities. Instead, we found a mining community that is, for the most part, openly interested in pursuing additional northern supply. One mining company has provided us with the annual list of their purchases by item, and would make the same list available to northern suppliers. In our investigation of that list, we found that many of the items currently purchased in southern Canada could be obtained through northern suppliers.

The opportunity, therefore, exists not in identifying 10-20 new products that could be supplied by northern firms, but rather in re-orienting the business community in the N.W.T. to be interested in supplying the needs of mining and exploration companies.

The balance of this chapter discusses the capturing of this large opportunity.

B. SPECIFIC OPPORTUNITIES EXIST FOR TARGET COMPANIES

In our consultations with some 58 suppliers, we were able to gain some perception of:

- Their existing volumes, which must remain confidential.
- An assessment of their operation and business philosophy.

- Our opinion of their degree of motivation.
- The nature of their business.

With all of this information in hand and based on our knowledge of the demand side, we perceive that following a reasonable "start up period" suppliers by community could achieve the following increased market:

- Hay River -- $ 3.0 million.
- Yellowknife -- $7.5 million.
- The Keewatin Region -- $2.0 million.

We estimated this sales potential on a firm-by-firm basis, using as criteria the firm's:

- Product range
- Management interest
- Geographic location
- Ability to expand

Approximately 40 of the 58 participating suppliers account for this sales potential. We listed all 58 suppliers in Chapter IV. We identified 40 suppliers that have demonstrated sales potential with an asterisk.

Our demand analysis showed a sales potential of up to $11 million. This supply analysis provided a figure of $12.5 million. We believe that the true value is in this range of $10 - $12.5 million.

To give these large figures some meaning, we examined the demand for each category of goods and services and matched this demand with the capabilities of the suppliers we interviewed. We then identified the likelihood of supplier success for each category based upon these factors:

- Magnitude of the gap between total value of purchases and N.W.T. purchases; the greater the gap, the greater the opportunity.
- Degree of specialization to the mining and exploration industry; the lower the level of technical specialization required, the greater the opportunity.

- Matching of demand with existing supply capability; if a supplier can meet the demand as part of the existing business, that carries a higher probability of success than having to acquire new goods or services to support a thrust to the mining and exploration industry.

On the basis of these factors, and estimating the demand by category, we developed Exhibit V-1 showing the priorities suppliers should pursue in meeting the needs of the mining and exploration industry.

EXHIBIT V-1
Ranking of Opportunities

Priority	Category	Potential Added Volume ($ million)
1	Tools and exploration supplies	$2.5 - 3.5
2	Hardware and construction supplies	2.5 - 3.5
3	Groceries and dry goods	1.5 - 2.5
4	Assaying and support services	1.0 - 1.5
5	Professional services	0.5 - 1.0
		$8.0 - 12.0

C. THE INITIATIVE MUST COME FROM THE SUPPLY SIDE

The demand side is relatively content with the current source mixture of goods and services, yet there is a lack of knowledge about N.W.T.-based suppliers. To the participating companies on the demand side, the results of this undertaking, in documented form, should be the first step in improving this lack of knowledge.

Also, to N.W.T.-based suppliers, the output from this undertaking will give some indication of where the sales potential exists, as well as the key decision points within the demand side.

We repeat that **the initiative must come from the supply side** (the N.W.T. business community); we see a $12.5 million per annum additional sales potential for N.W.T.-based suppliers if:

- ► They take full advantage of the output of this project.
- ► They become motivated to satisfy needs and sales performance requirements.
- ► They adopt a needs-oriented marketing style and sales thrust.
- ► Compatible companies in geographic centres work closely together to:
    - Identify the decision-makes and their needs.
    - Market their overall products and efforts.
- ► They keep searching for knowledge and information, particularly on exploration activities.
- ► They work jointly to present a larger front.

The achievement of this sales potential will not happen in the short haul; it will take time and perseverance. Suppliers must remain conscious of Nerco Con Mine Ltd.'s recommendations: Mr. Leon Harder, Nerco Con's Purchasing Agent in Yellowknife, in 1986 and again in 1987, publicly challenged N.W.T.-based suppliers and we quote his recommendations to N.W.T. suppliers:

> "Put forward an effort to become knowledgeable of and meet with the individuals who make buying decisions in mining organizations. Don't limit yourself to purchasing people, but include engineers, operators, and yes, even senior management. As a part of this process find out what mandate and authority these people have regarding purchasing areas.
>
> "Become familiar with procedures concerning calling of quotations, sales visits and flow of communications between the vendor and those involved at the mine site.
>
> "Use these people to find out what their needs are, and from where these needs are presently being fulfilled. Information concerning specifications and consumptions is available. Ask for this information, and request to be included on bid lists for product areas that interest you.
>
> "Keep in mind that we have to be encouraged to change. In other words, we will ask 'what's in it for us'. We recognize the benefits of local supply but won't pay more just to have you order and supply from a third party as we could have done. This may mean inventory, but an inventory that sells and turns into profit.
>
> "Don't assume that you are unable to compete with southern sources.
>
> "Don't assume that we will continue in our same old ways, buying the same products from the same places."

To N.W.T.-based suppliers, this is a provocative challenge from a company that is already acquiring a high percentage of its goods and services from N.W.T.-based suppliers.

We are advised that response to this challenge has been negligible.

D. BUT CERTAIN OBSTACLES EXIST

Certain inescapable facts emerge from this demand/supply analysis dealing with how N.W.T.-based suppliers can do a better job of marketing to the industry.

- No comprehensive and aggressive overall marketing thrust has been undertaken by N.W.T. suppliers.
- Information on expenditures and intentions is not routinely available to N.W.T.-based suppliers. This constrains them from effectively marketing their goods and services.
- No focal point exists for N.W.T. suppliers to glean marketing information about the industry.
- Yellowknife suppliers appear to be complacent -- too comfortable with government business and retail trade.

E. OVERCOMING THE OBSTACLES

An opportunity exists for N.W.T. suppliers, but they need information and help. Overcoming the obstacles will require the assistance of the N.W.T. Chamber of Mines and the Government of the N.W.T. Our recommendations for this assistance follow.

VI

RECOMMENDATIONS

The demand side (mining and exploration companies) and the supply side (N.W.T. suppliers motivated to penetrate the mining and exploration sectors further) must be pulled together through a common focal point. Only through the presence of a single agency can information flow, thus enabling the supply side to understand the needs of the industry and progressively penetrate the additional sales potential of $12.5 million per annum.

As Don Ference and Associates Ltd., Management Consultants pointed out in their June 1987 report on "Import Substitution Opportunities", there is "limited flow of information". The report stated that "a catalogue should be prepared detailing available northern products" and "encouraging the direct exchange of information between buyer and seller, through sector-specific symposiums and conferences".

Activating the output of this study is the first step in capturing the new business potential.

In addition, and to perpetuate the flow of communications and information, there also has to be an ongoing focal point, which should not be a role of the Government of the Northwest Territories.

A. THE N.W.T. CHAMBER OF MINES COULD BECOME A FOCAL POINT

In our experience, there is a great risk that a project like this may become just another consultant's report. There is enthusiasm initially, but some obstacles are encountered, new priorities come to the fore, and the initiative is lost.

We have found that the best way to prevent that occurrence is to identify a "product champion" -- someone whose focus and interest is exclusively directed to making change happen. With such direction, change will occur; without it, little is likely to be achieved.

Accordingly, we recommend that the N.W.T. Chamber of Mines become the focal point for bringing together the industry (mines and exploration companies) with interested and motivated N.W.T. suppliers who can provide greater goods and services to the industry, and/or are willing to expand to do so more adequately. The local Chambers of Commerce are also ideal vehicles to improve the communications system.

The annual operating budget of the N.W.T. Chamber of Mines will have to be increased to perform this role effectively. Added funds to the Chamber's operating budget will come from suppliers who are sincerely interested in further tackling the industry, and will take the first step by becoming members of the Chamber.

We further recommend the creation of a position in the Chamber, that initially (for the next two to three years) concentrates solely on this important economic endeavour; i.e. the implementation of this report and its recommendations. In other words, this position is to be an economic catalyst, answering there is good information flow between all members of the N.W.T. Chamber of Mines, on both the supply and the demand sides.

The incumbent for this position will have a tremendous communications and economic responsibility. His/her information source on the demand side is the industry members, geologists in Indian and Northern Affairs Canada, the Energy, Mines and Resources Secretariat, the Department of Economic Develpment and Tourism of the G.N.W.T., and other information sources. On the supply side, information sources will be the suppliers/members and the level of information flow will be relative to the motivational level of each supplier.

Within this overall recommendation, we see the need for specific steps to be undertaken by the N.W.T. Chamber of Mines in fulfilling this mandate.

1. Compile a listing of N.W.T.-based suppliers/members.

In Appendix A we provide a list of the 58 N.W.T. suppliers that we have interviewed. We show each firm's name, key contact, address, types of goods and services provided, and level of interest expressed in serving the mining and exploration industries.

We see the need for a comprehensive listing of suppliers targeted to the mining and exploration industries. More than just a list, the directory would identify the types of goods and services provided, the geographic range, key contacts in each community, etc.

The N.W.T. Chamber of Mines should compile and maintain a directory in this form. On a regular basis, the directory should be sent to all potential purchasing agents in northern and southern Canada.

2. Conduct an annual industry/supplier symposium.

Our conclusion in conducting the mining/exploration and supplier interviews is that the two groups do not seem to have frequent contact and, therefore, do not have good information on each other.

In other industries, it is quite common to have industry/supplier conferences. For example, a shipper/carrier conference was recently held in Edmonton. It was expected that 50 people might attend; in excess of 250 shippers and carriers attended. Uniformly, they all praised the opportunity to discuss issues and problems with their counterparts, and recommended that such conferences be continued in the future.

In as fragmented a geographic community as the N.W.T., an industry/supplier conference would provide the opportunity for both groups to gain experience with each other, to make contact, to hear of new opportunities.

3. Maintain a register of demand side contacts.

Supply firms do not appear to know a great deal about the industry. We believe that an up-to-date register of the demand side contacts would be of use to suppliers.

4. Develop a newsletter on exploration plans.

The General Manager of the N.W.T. Chamber of Mines knows about new mining and exploration activity. We suspect that his knowledge is far in advance of this same information reaching potential suppliers in the N.W.T.

We believe that a newsletter, issued on a periodic basis, identifying new mining and exploration opportunities, would be of great use to suppliers/members. This newsletter could also identify new contacts, re-organization, new legislation, etc.

5. Assess the feasibility of a co-ordinated, southern marketing effort.

We have indicated that many purchasing decisions are made in southern Canada. Northern firms may not have the opportunity to bid on these contracts because southern purchasing agents are not aware of northern suppliers or because northern suppliers hear too late about the opportunity.

Two suppliers have indicated that they have gained tremendous advantage by having southern marketing offices. We recommend that the Chamber of Mines conduct a feasibility assessment of undertaking a co-ordinated southern marketing effort. This effort could involve making regular marketing visits to key purchasing agents of mining and exploration companies in southern Canada. At the other extreme, a full-scale marketing office could be organized in southern Canada. The purpose of this office would be to provide advance marketing information to northern suppliers. At the same time, a representative of the office could maintain on-going contact with southern purchasing agents, raising awareness of the availability of northern supply.

B. THE GOVERNMENT OF THE NORTHWEST TERRITORIES HAS A ROLE TO PLAY AS WELL

The Energy, Mines and Resources Secretariat and the Department of Economic Development and Tourism, in conjunction with the N.W.T. Chamber of Mines, have started the process by commissioning this undertaking. We see the need for some continuing involvement on the part of the G.N.W.T.

1. G.N.W.T. should fund the potential shortfall in the N.W.T. Chamber of Mines budget.

We recommend that the key future G.N.W.T. role be to fund the shortfall in the N.W.T. Chamber of Mines annual operating budget, concurrent with implementation of the recommendations above.

2. Send response letters and attachments to demand and supply participants.

A quick response to all those firms that participated in this investigative process is important, to encourage the interest already shown by many participants. G.N.W.T. has received recommended formats and contents for this response. In June, 1987 Stevenson Kellogg Ernst & Whinney sent letters to the supply participants expressing gratitude for their participation and encouraging their future interest. A letter of gratitude providing information on the project from the G.N.W.T. will enliven suppliers' interest and make a good transition from the consultants.

3. Assist in the raising of marketing expertise of N.W.T. businessmen.

As we have found in a number of studies throughout this country, the lack of marketing expertise is one of the major hindrances to the growth of an enterprise. We found this particularly in our interviews with N.W.T. suppliers. We believe there is a role for the N.W.T. Department of Economic Development and Tourism to play in providing marketing training to potential suppliers to mining and exploration companies. This would involve the development of marketing seminars, or the modification of courses that may already exist through academic institutions. This type of seminar could be taken from community to community through local Chambers of Commerce, and provided at low cost by the Government.

4. Develop a model of northern costs.

We believe there is need for a comprehensive model on northern versus southern costs. We envision a microcomputer spreadsheet model identifying all of the costs of acquisition in southern Canada, transportation to a northern location, inventory and carrying cost, etc. As against these costs, the cost of acquisition in northern Canada could be compared. The N.W.T. Department of Economic Development & Tourism could play a lead role in this endeavour.

We believe that such a model would be useful in showing southern purchasing agents the relative advantages of buying in the north. The model could, in fact, be made available to purchasing agents for demonstration purposes; they would input their types of purchases and the relative costs would be calculated automatically.

APPENDIX A

List and Description of Suppliers Interviewed

APPENDIX A

LIST OF SUPPLIERS

A. BAKER LAKE

The following are Baker Lake base suppliers who expressed interest in pursuing opportunities with the mining and exploration sectors.

1. Baker Lake Contracting & Supplies.

The President of Baker Lake Contracting & Supplies, Mr. Al Lahur, is also President of the Chamber of Commerce.

The company is large and its range of its goods and service include:

- Lumber and building materials.
- Rentals of tools and small vehicles.
- Semi-permanent accommodation in seven houses.
- Residential and commercial construction.

Roughly 90% of their business is done with the Government of the N.W.T. in the form of the Housing Corporation and the Department of Public Works.

Mr. Lahur is critical of the fact that the exploration companies acquire lumber and building materials, stakes, core boxes, camp accommodation and supplies from the south when they could be acquired at close to competitive landed prices in Baker Lake.

The Chief Contact Person is:

Mr. Al Lahure, President,
General Delivery,
Baker Lake, N.W.T.
X0C 0A0
Telephone: (819) 793-2766.

2. Gary R. Smith & Company.

During the winter, January to May of each year, Mr. Smith operates an overland hauling services utilizing a 6-wheel drive all-terrain vehicle with a 30,000 pound payload. The remainder of the year he expedites supplies and materials for exploration companies in the Keewatin based out of Winnipeg.

The overland hauling service is charged out on a per ton/mile basis, however, it varies with the terrain. Ninety (90%) of the product he hauls are fuels.

His marketing is by word of mouth as he "knows everybody in the industry and they know him".

The Chief Contact Person is:

Mr. Gary R. Smith,
General Delivery, Baker Lake, N.W.T.
X0C 0C0, or
Box 208,
Winnipeg, Manitoba,
R0H 0J0
Telephone: (204) 889-3287.

3. Iglu Hotel.

This is a full-service hotel, with the exception of licensed facilities. It has 26 rooms and 60 beds. Its year-round bed/occupancy rate is 23% while in August and September each year it runs 90-100%.

They have a meeting room which accommodates up to 100 people. They have a dining room with 44 seats and also an after-hours fast food operation.

Eighty-five (85%) of their business is government-based; G.N.W.T. and Government of Canada (especially Transport Canada).

Five (5%) percent of their business comes from the mining/exploration sectors in the form of two companies:

- PNC Exploration, and
- Urangesellschaft Canada Limited.

This is the only full-service hotel in Baker Lake and they are vitally interested in developing more mining and exploration business.

The chief contact person is:

Mr. Larry Whitaker,
General Manager,
General Delivery,
Baker Lake, N.W.T.
XOC OAO
Telephone: (819) 793-2801.

4. Sigyamiut Ltd.

This company is in the expediting/purchasing business primarily aimed at the mining and exploration sectors, which account however, for only 30% of its gross volume. They supply groceries, hardware and dry goods and also build winter roads.

Their expediting services are charged by the pound for freight plus direct out-of-pocket costs. They work on a monthly minimum retainer.

In addition, the company has two licensed mechanics on staff and can perform heavy and light equipment repairs and are eager to serve the exploration companies with that capacity and the other services.

He expressed the opinion that the exploration companies appear to buy more from the south because Baker Lake does not have the infrastructure that Thompson, Manitoba or Yellowknife have.

The chief contact is:

Mr. Glenn McLean,
General Manager,
General Delivery,
Baker Lake, N.W.T.
X0C 0A0
Telephone: (819) 793-2914.

5. The Bay.

The Baker Lake Bay store is an 8,000 square foot facility, full-service in terms of basic merchandise, foods, supplies, etc. Specific examples of where The Bay coupled with other Baker Lake suppliers could service the industry are camp catering, outboard motors, groceries, dry goods, etc.

The chief contact is:

Mr. Al Hart,
Manager,
General Delivery,
Baker Lake, N.W.T.
X0C 0C0
Telephone: (819) 793-2756.

B. CAMBRIDGE BAY

The following notes do not result from face-to-face interviews, but are taken from questionnaires completed by the Cambridge Bay suppliers.

1. Central Arctic Yamaha.

This company operates a Yamaha dealership and would be interested in doing business for the mining and exploration sectors, if at all possible.

They say also that mining companies appear to buy Yamaha equipment in the south and yes they are in a position to provide such equipment. They would be interested in tendering on equipment.

The chief contact person is:

Mr. Jai Persand,
Sales Manager,
Box 103,
Cambridge Bay, N.W.T.
Telephone: (403) 983-2395.

2. Enokhok Development.

This company is involved in commercial/industrial development and consulting in the Kitikmoet Region and Baffin regions.

Yes, they would be interested in doing business with the mining industry, but have been unable to make any specific marketing efforts.

The chief contact person is:

Ms. Mary Moland,
Office Manager,
P.O. Box 103,
Cambridge Bay, N.W.T.
Telephone: (403) 983-2562.

3. Inukchuk Enterprises Ltd.

Inukchuk Enterprises Ltd. are general contractors, freight haulers and expediters. They also have a line of recreational vehicles and equipment. The geographic range of their market is the Kitikmoet Region.

Yes, the company is interested in doing business with the mining and exploration sectors, however, there is little or no activity in the Cambridge Bay vicinity; thus, efforts by this company to the industry have been non-existant.

It was stated that the exploration companies appear to buy snowmobiles and all-terrain vehicles from the south and these are certainly products that this company could sell and, possibly, at competitive prices.

The chief contact person is:

Mr. Bruce Peterson,
President,
Box 118,
Cambridge Bay, N.W.T.
Telephone: (403) 983-2806.

4. Parallel 69 Restaurant Ltd.

This company runs a convenience store and restaurant and is interested in doing business with the mining industry. However, they don't think they could compete because of the high freight costs. Accordingly, they would be unable to help the industry.

The chief contact person is:

Ms. Maureen Persaud,
General Manager,
Box 103,
Cambridge Bay, N.W.T.
Telephone: (403) 983-2866.

5. Wingmac Holdings.

This company is in the freight hauling, expediting and general contracting businesses.

Yes, they are interested in doing business with the mining and exploration sectors, but as there has been little exploration activity in that region, no marketing efforts have been made.

The chief contact person is:

Mr. Donald Wilfrimmac,
Box 120,
Cambridge Bay, N.W.T.
Telephone: (403) 983-2499.

C. HAY RIVER

1. Buffalo Airways Ltd.

Buffalo Airways Ltd. offers air transportation and product and labour expediting. The company interlines with Northwest Territorial Airways and thus, provides 24-48 hour service, not only to the south but to Fort Simpson, Coppermine, Holman Island, Cambridge Bay, Gjoa Haven, Spence Bay, Kelly Bay, Rankin Inlet, and Iqaluit. Buffalo Airways offers daily scheduled service between Hay River and Yellowknife.

Buffalo Airways' current equipment includes:

- Two DC3s.
- Two Beechcraft.
- A Cessna 402.
- A jet ranger.

On a charter basis, they offer turnkey expediting and camp re-supply and moving. Buffalo Airways is extremely interested in pursuing opportunities in the industry.

The chief contact person is:

Mr. Joe McBryan,
President,
P.O. Box 1479,
Hay River, N.W.T.
Telephone: (403) 874-3333.

2. Carter Air Services.

This airline provides charter service with equipment comprising two twin Otters, and one single Otter.

They have not aggressively marketed their charter services but have performed work for PNC Exploration (Canada) Ltd., and with Connors Drilling.

They are in the position to serve the industry with equipment that is compatible to, not competitive with, Buffalo Airways Ltd.

The owners of Carter Air Service own and operate the Nonacho Lake Fishing Camp, 215 miles east of Hay River which could provide retreats for planning sessions, etc. for corporate members of the industry.

The chief contact people are:

Merlyn and Jean Carter,
Owners,
Hay River, N.W.T.
Telephone: (403) 874-2281.

3. Godwin Stores Ltd.

Godwin Stores Ltd. operate a food and supply supermarket and they are part of the "Grocery People" chain. This is a large supermarket operation, which also includes a department store which offers contract sales to the industry.

No direct efforts have been made to date to market their goods and services to the mining and exploration sectors. However, they are a good supply source and in concert with an expediting/airline service could provide good competitively-landed camp supply contracts.

The chief contact person is:

Mr. Henry Lefebvre,
Controller,
Box 1128,
Hay River, N.W.T.
Telephone: (403) 874-6855.

4. Igloo Building Supplies Group.

The Igloo Building Supplies Group is headquartered in Hay River with its Liard branch at Fort Simpson, N.W.T., and a branch in Edmonton which serves as a marshalling yard. With this geographic spread they offer highway access and rail access, crating and shipping expertise and delivery:

- through Hay River and Fort Simpson for the western Arctic,
- through Churchill, Manitoba for the central Arctic,
- through Montreal, Quebec for the eastern Arctic.

Approaching its 30th year in business in the N.W.T., Igloo Building Supplies Group provides a wide variety of products including:

- Lumber, timbers, plywood, all building materials.
- Hardware, plumbing, mechanical, electrical supply.
- Windows, doors, speciality items.
- Paints, stains, adhesives, and caulking.

While Igloo Building Supplies Group serves the retail, government, and the contractor market, they have also provided product for the mining industry in the past, serving the Pine Point Mine.

In their opinion, most building supplies purchased by the mining and exploration companies are sourced in the south. They seek greater opportunities to quote and tender and feel that their prices can be competitive with southern suppliers on a landed basis. Also, Hay River provides a good staging ground.

The chief contact people are:

Ms. Joy L. Bidniak and
Mr. Brian Stewart, Directors,
Box 310, Hay River, N.W.T.
Telephone: (403) 874-2324.

5. Northern Metallic Sales (N.W.T.) Ltd.

The name of this company is a misnomer: they are an industrial supply operation based out of Hay River, marketing in Yellowknife, and with a 12,000 square foot stocking branch in Grande Prairie.

They carry an inventory of some $650-800,000 of industrial parts, which is well illustrated in their brochure. Key lines and equipment handled are:

- Aeroquip (hose and fittings)
- Black & Decker (power tools)
- Butterfield (cutting tools)
- Crosby (shackles, blocks, etc.)
- Docap (fittings and accessories)
- various lines of fasteners
- Gray (hand tools)
- Husqvarna (chain saws)
- Klein (electric and iron-worker tools)
- Wiel-McLean (boilers and parts)

They also carry a variety of tap drills and pipe tap drills.

Their product line has a great similarity to Deakin Equipment of Vancouver who supply exploration companies.

Their marketing efforts to the industry have been stated as calling on the purchasing agents and equipment superintendents on a monthly basis. However, a direct quote from the president of one of the mining companies was "I would also like to see a good general hardware distributor, similar to Northern Metallic in Watson Lake". Thus, it appears that their marketing efforts could be improved.

The chief contact person is:

Mr. Tom Laing,
906 MacKenzie Highway,
P.O. Box 505,
Hay River, N.W.T.
Telephone: (403) 874-6623.

6. Northland Utilities (N.W.T) Limited.

This is a privately regulated utility company owned by Alberta Power Limited, which in turn is a subsidiary of Canadian Utilities Limited. They have total N.W.T. responsibility and are involved in the production of power and waste heat from generators.

They have recently set up a group to research the mining and exploration market. They have designed and installed a new plant complete with waste heat generation at Trout Lake, N.W.T. with technology which may have application to the mining industry.

The chief contact people are:

Mr. Ed Barnhart and
Mr. Steve Brooks,
Box 1248,
Hay River, N.W.T.
Telephone: (403) 874-6879.

7. Patterson Enterprises Ltd.

This company is a lumber retailer and wholesaler with an annual capacity close to 6 million FBM. They are also involved in building materials, including plywood, nails, roofing, siding, window frames, doors, etc.

While their market concentration has been in the western N.W.T. in the past, they are currently negotiating a joint venture partnership with a Montreal building supply firm so that they can market more feasibily in the eastern Arctic. Marketing activities are reasonably aggressive. The President of the company is also President of the N.W.T. Forest Industry Association.

The chief contact person is:

Mr. Eugene Patterson,
President,
Box 979,
Hay River, N.W.T.
Telephone: (403) 874-6814.

8. Stan Dean & Sons Ltd.

This company offers sewer and water installations, trucking, bulldozing, excavating and, in general, heavy contracting. They are a general contractor and trucking company.

Their equipment includes:

- Mack trucks.
- Hi/low boys.
- Tilt decks.
- Bed truck.
- Gravel boxes and pups.
- Screeners for sand, gravel and topsoil.
- Cement truck.

While they are interested in doing business with the mining and exploration industries, the President advises us that their marketing efforts to the industry have been minimal. In light of this demand/supply investigative process, the company's marketing efforts will probably be more concentrated.

The chief contact person is:

Mr. Robert Dean,
President,
Box 1033,
Hay River, N.W.T.
Telephone: (403) 874-6864.

9. Underhill & Underhill.

This is an engineering company headquartered out of Vancouver. The company has a Whitehorse, Yukon branch where the mining industry is its "bread and butter".

The Hay River branch is involved in legal surveys, engineering surveys, and consulting engineering services. They are also able to provide an integrated survey and mapping service.

They are interested in pursing the mining and exploration sectors and in fact, are a member of the N.W.T. Chamber of Mines.

They expressed the opinion that the industry tends to acquire legal/engineering surveys from southern sources. They state that they are "interested and able" to take on territorial projects for the industry.

The chief contact people are:

Mr. Harry Pfrimmer,
Box 506,
Hay River, N.W.T.
Telephone: (403) 874-2500.

D. RANKIN INLET

1. Carron Business Services Ltd.

The owner, Carol Graham, formerly a Yellowknife resident has moved to Rankin Inlet. In late 1986 she started Carron Business Services Ltd., which specializes in word processing. Her equipment is an APCO-XT computer using a daisy wheel printer to provide good letter quality print.

Supply and Services, Canada, Western Region, has used her word processing services, and, she is interested in performing work for the mining and exploration sectors.

This type of service is particularly useful when a company is experiencing a backlog of word processing/typing due to a seasonal peak in business, understaffing, staff illness or holidays.

The chief contact person is:

Ms. Carol Graham, who has just moved to the Keewatin Region, can be located at:
P.O. Box 351,
Rankin Inlet, N.W.T.
Telephone: (819) 645-2150.

2. Kudluk Construction, Polar Bear Cave Investments Ltd., and Umingmak Supply, Rankin Inlet.

The above companies provide the following array of goods and services:

- Construction of residential and commercial dwellings.
- Maintenance of the airport runways, mechanical systems, the Keewatin Inuit Association Building and other apartment buildings.
- Electrical contracting.
- Retail/wholesale supply of hardware and other goods.

The companies, having nine employees, also operate a retail supply firm in Winnipeg with five employees.

They have provided maintenance and supply services for exploration companies, specifically Borealis Exploration.

The company would be willing to stock a wider range of supplies and parts if they had some kind of commitment from the exploration companies on future usage, in other words, they would be willing to tender on a landed cost basis for exploration goods, supplies and services.

The chief contact person is:

Mr. Gerald French,
General Manager.

3. M & T Enterprises, Rankin Inlet.

M & T Enterprises is a freight and transportation company. They currently contract for material handling at the Rankin Inlet Airport for N.W.T. Air and Calm Air. The business has been in existence for eight years with some twenty employees and fifteen large pieces of equipment.

M & T Enterprises is also currently working for Borealis Exploration.

He is interested in leasing or renting equipment out to the exploration companies and would be willing to tender on a longer term assured contract.

The chief contact person is:

Mr. Ray Mercer,
Owner.

4. Northern Purchasing and Expediting Limited.

The range of products offered by this Rankin Inlet-based supplier are as follows:

- Mechanical, including plumbing and heating.
- Building supplies, lumber and hardware.
- Tools, electrical tools and power tools.
- Office supplies, including office business machines, such as IBM typewriters, Xerox copiers, office furniture and supplies.

For the most part their market is the G.N.W.T and local individuals and construction companies. Interestingly enough, about 50% of Northern Purchasing and Expediting sales are in the Baffin Region and their competitive position is quite strong in the Keewatin Region.

Business with the exploration companies is limited and tends to arise by word of mouth or coincidence, such as a chance overhearing in connection with Nobel Peak Resources needs for certain types of tools; the latter resulting in a direct sale.

The company offers total expediting services including barge sea lift, packaging and crating, air freight and restricted article shipping.

The chief contact person is:

Mr. John Todd,
Owner,
P.O. Box 190,
Rankin Inlet, N.W.T.
Telephone: (819) 645-2421.

5. Pissuk Cleaners Ltd.

This company specializes in:

- Janitorial services.
- Janitorial supply.
- Carpet cleaning.
- Refuse removal.

They are a dealer for G.H. Wood, a national sanitation supply company, and can offer all products in the G.H. Wood catalogue.

The company is planning to add a linen services that would supply coveralls, sheets, aprons, etc.

The company would be very interested in pursuing and marketing to the exploration companies in the Keewatin.

The chief contact person is:

Mr. Tim Ramsay,
General Manager,
Rankin Inlet, N.W.T.
Telephone: (819) 645-2441.

6. Rankin Inlet Building Supplies.

The product range of Rankin Inlet Building Supplies includes:

- Lumber, plywood, hardware, and including fir.
- Builder's hardware.
- Tools.
- Camping and sports gear.

85% of the company's volume is in Rankin Inlet with the remaining 15% in Repulse, Chesterfield, and Coral Harbour.

They desire to contract with the mining and exploration industries and they mentioned Borealis exploration as a desirable target.

The chief contact person is:

Mr. Josie Kusugak,
Rankin Inlet.

7. Rankin Inlet Lodge, (Siniktarvik Hotel) Rankin Inlet.

John Todd apart from owning Northern Purchasing and Expediting Ltd., and a construction company, also owns the Rankin Inlet Lodge.

This is a full facility hotel with 32 guest rooms dining room/lounge, etc. Mr. Todd is currently planning a major expansion to the Rankin Inlet Lodge.

The Lodge also provides a complete catering services and is certainly desirous of providing turn-key catering services to exploration camps. For the most part exploration camps currently import food and personnel from the south and the general manager of the Lodge firmly believes that they could provide an equal or better catering service.

The Lodge general manager feels strenuously that there is inadequate information base about who is exploring in the Keewatin Region. With an adequate information base, specific marketing efforts can be undertaken to show that Rankin Inlet based companies such as the Lodge and the catering service can provide a landed cost/effective service.

The chief contact person is:

Ms. Betty Palfry,
Manager,
Rankin Inlet.

8. The Hudson's Bay Company.

The Bay provides a wide variety of goods and services such as:

- Food.
- Clothing.
- Home hardware.
- Housewares, including furniture and major appliances.

Approximately 95% of their sales are to individual customers and not corporations. Also, 95% of their sales are in Rankin Inlet and the other 5% in Whale Cove.

They have made no special effort to market their products to the exploration companies. However, they do deal with Midwest Drilling for groceries for their drilling camp.

The chief contact person is:

Mr. Justin Merritt,
Manager,
Rankin Inlet
Telephone: (819) 645-2823.

9. Yvo Airut Enterprises.

This company has a wide spread product line and range of services, including:

- Truck repairs.
- Repairs on all other kinds of vehicles including diesel.
- Freighting by Bombardier.
- Sales of snowmobiles and all-terrain vehicles.
- Tools.
- Parts for trucks and all-terrain vehicles.
- Hauling of gravel.
- Heavy equipment rentals such as trucks, front-end loaders, a CAT, a dump-truck and a back-haul.
- General hauling.
- Guiding.

The company advertises regularly in News North and the Northwest Territorial Airways In-flight magazine.

The company would be interested in doing more business with the mining and exploration sectors, particularly in the marketing of mechanical equipment and freighting, also all-terrain vehicles and snowmobiles.

The chief contact person is:

Mr. Yvo Airut,
Rankin Inlet.

E, YELLOWKNIFE

1. A-1 Business Services Ltd.

A-1 Business Services located in the Panda Centre offers a variety of services including:

- Bookeeping, personalized telephone answering services, mail handling, appointment scheduling, etc.
- Typing/word processing.
- Photocopying and document collating.
- Telex service.
- Telecopying.
- Filing.
- A Commissioner for Oaths for the N.W.T.

In addition they offer fully furnished offices on a lease basis, and have telephone answering service, shared receptionist and free boardroom access.

A-1 Business Services is operated by long-term native northerners who have extensve experience in administration and are familiar with the unique problems encountered by small business in the north.

The chief contact person is:

Erica Williams,
Box 2051,
Yellowknife, N.W.T.,
Telephone: (403) 873-3426.

2. Air Northwest Ltd., Telecommunications.

This company, which is part of the Northwest Territorial Airways group, is the only avionics supplier in the N.W.T. They specialize in a wide range of telecommunications equipment, VHF and HF and UHF. They provide both sales and service.

They are interested in doing business with mining and exploration sectors. Marketing efforts have been restricted to advertisement, personal phone calls, and Yellow Page advertising.

They are a Motorola dealer and are very anxious to market Motorola's new inter-link SSB-FM repeater system.

The chief contact person is:

Mr. John Westergreen,
Manager,
Box 9000,
Yellowknife, N.W.T.
Telephone: (403) 920-4567.

3. Arctic Radiator.

Arctic Radiator claims to be the only radiator sales and service operation in the entire N.W.T.

They are vitally interested in attracting business from the mining and exploration sectors, and would expand his shop facilities and labur force to attract such business.

The owner is aggressive and his marketing activities have included mailers, radio, T.V. and calling prospects. As such he has made contact with 3 drilling companies operating out of Yellowknife.

The chief contact person is:

Mr. Alan Norman,
Owner,
#3 Ellesmere Drive,
Yellowknife, N.W.T.
Telephone: (403) 920-4478.

4. Barringer Magenta Laboratories (Alberta) Ltd.

The Yellowknife branch of Barringer Magenta opened during the week of June 15, 1987. Barringer, with their head office in Calgary, is in the business of drill core, assay, environmental analysis, and soil and water analysis. Their Yellowknife branch will be staffed by a senior chemist, a senior assayer, 3 lab technicians, and 3-4 support staff. This opening represents a significant advantage to the industry for it is the first full service lab appropriately located in the N.W.T.

The following is a quote from their recent introductory letter to the industry, "I am pleased to announce the establishment of a geo-chemical and assay lab in Yellowknife, effective June 15, 1987.

This lab will be staffed by experienced personnel and supported by our existing laboratory in Calgary.

In addition to obvious savings in transportation costs, rapid turnaround of results will be provided without compromising analytical accuracy.

Sample bags, assay tickets shipping labels and requisition sheets will be available through the Yellowknife lab.

Call me now for a quotation of your assay and geo-chemcal requirements."

(Signed by C. Douglas Read)

Barringer Magenta's new laboratory is located on the Old Airport Road in Yellowknife.

The chief contact person is:

C. Douglas Read,
President,
Box 864,
Yellowknife, N.W.T.
Telephone: (403) 920-4500.

5. Bathurst Air Services & Bathurst Inlet Lodge.

Bathurst Air Services has Class-4 charter licences and bases in both Yellowknife and Bathurst Inlet. Available for charter are:

- ► 1-DC2 Beaver on wheels/skis/floats.
- ► 2-Cessna 185's on wheels/skis/floats.
- ► 1-Pipe Supercub on wheels/skis/floats.

The Bathurst Inlet Lodge on the mouth of the Burnside River supplies aircraft, aircraft fuel, accommodation, meals, boats, motors, guides, casual labour, etc.

The principal states that they have had a long and happy relationship with the mining and exploration people and have special rate and privacy to accommodate all needs.

It should be noted that the Bathurst Inlet Lodge provides the above services only throughout the summer season.

The chief contact person is:

Glen Warner,
Manager,
P.O. Box 820,
Yellowknife, N.W.T.
Telephone: (403) 873-2595.

6. Braden-Burry Expediting Services Ltd.

This company was established to purchase and expedite for exploration projects in the N.W.T.

Their marketing is by reputation, which, from the interviews that we performed, is excellent.

This year they will be providing expediting services for some 28 exploration projects.

Their scheduled rates for the 1987 season are based on an expediting fee of $2.75 per man-day, with a minimum retainer of $200 per month, and a maximum retainer of $1,500 per month.

That retainer covers twice daily radio schedule, mailing handling, relaying of messages to camp, booking of hotels, and airline reservations, and other items related to the re-supply of camps.

For aircraft dispatching, they offer round-trip rates which includes loading, dispatching, and unloading. These aircraft fees range from $275 for a twin Otter to $125 for a helicopter.

Where Braden-Burry Expediting is retained to purchase items using their own funds, a 20% fee is applied to the cost of those purchases. No fee is applied where a company has its own account with the supplier.

The chief contact people are:

Messrs. Max Braden and
Rick Burry,
Sub P.O. #1,
Yellowknife, N.W.T
Telephone: (403) 873-8666.

7. Byers Transport Limited.

This territorial-based trucking and contract hauling company is owned by the Grey Goose Corporation which in turn is owned by Laidlaw Trucking.

They have a contract hauling agreement with one of the mines inn Yellowknife. The mining and exploration industry accounts for 25% of its volume, the remaining 75% being the retail trade in general consumer lines. They are interested in doing more business with the mining industry, but efforts have been restricted to attending the mining conferences in Yellowknife.

The chief contact person is:

Mr. Paul Ladobruk,
Terminal Manager,
Box 577,
Yellowknife, N.W.T.
Telephone: (403) 873-4044.

8. Classic Floorings and Installation Ltd.

This Yellowknife-based carpet, linoleum, ceramic tile, etc. supplier, now carries commercial paint and wallpaper.

They are a Pittsburgh paint dealer and can provide exterior and interior paint, stain, metal paint, porch and floor enamels, primers, vrnishes, paint brushes, rollers, contact cement, thinner, sand paper, polyfilla, etc.

The chief contact person is:

Mr. Patrick Guinam,
Manager,
P.O. Box 1478,
Yellowknife, N.W.T.
Telephone: (403) 873-2977.

9. Connors Drilling Ltd.

Connors Drilling Ltd. is the Yellowknife-based branch of this successful exploration drilling company based in Kamloops, B.C.

In term of numbers of drilling contracts, Connors appears to be the most successful in the N.W.T., its nearest competition being Mid-west Drilling.

For the most part, the contracts for their services are sole-sourced and contracts are awarded primarily due to their reputation. Their business this year is about 80% in the central region of the N.W.T., i.e. the Slave provinces, the other 20% being in the Keewatin regin.

They have an average staff complement of some 40 men and sometimes operate total turnkey camps, especialy where there is a 4-5 man camp of primarily their own people.

They themselves have a strong northern preference buying almost 100% of their supply/commissary and expediting needs in Yellowknife.

The chief contact person is:

Mr. Brian Burtnick,
District Superintendent,
P.O. Box 280,
3605 Franklin Avenue,
Yellowknife, N.W.T.
Telephone: (403) 873-2533.

10. Inukshuk Management Consultants.

Inukshuk Management Consultants and its principal Mr. Michael F. Bell, specialize in corporate planning, management training, policy development, functional reviews, and training programs for native people.

Since the formation of his management consulting firm, Mr. Bell has consulted primarily for the Government of the N.W.T., with emphasis on the N.W.T. Housing Corporation.

Mr. Bell is interested in doing business with the mining and exploration companies, as applicable in his areas of expertise.

The chief contact person is:

Michael Bell,
5404 - 50A Avenue,
Yellowknife, N.W.T.
Telephone: (403) 873-5042.

11. Nor-Dat Computer Services Ltd.

Nor-Dat Computer Services Ltd. offers retail sales of computers, a time sharing service bureau, computer training, service support and software development. Their market is the G.N.W.T., private business, education, and the mining industry.

Nor-Dat marketing efforts have comprised media advertising, perssonal calls, and attendance at the mining conferences in Yellowknife.

In dealing with local purchasing agents in the industry, the manager of Nor-Dat states that local reaction is positive, but the decisions are not made locally.

Nor-Dat is interested in pursuing the mining industry further.

The chief contact person is:

Ms. Marilyn A. Hinchey,
Manager,
Box 2785,
Yellowknife, N.W.T.
Telephone: (403) 873-5975.

12. Norm's Stationary and Office Supplies Ltd.

Norm's Stationary is a retailer of stationary and an office supply operation. One hundred (100%) percent of their business is currently retail with 40% of that being to the G.N.W.T. Eighty (80%) percent of their total business is in Yellowknife with the remaining 20% being to settlements and villages in the north, the Keewatin, and the MacKenzie Delta.

The company is very interested in doing more business with the mining and exploration industries and is currently supplying one of the Yellowknife Mines offices.

Through Braden-Burry Expediting Services Ltd. Norm's Stationary has succeeded in developing some mining and exploration clients. The company is making efforts to market their goods and services by newspaper advertising.

The chief contact person is:

Ms. Tania Harman,
Manageress,
Box 1495,
Yellowknife, N.W.T.
Yellowknife: (403) 873-2555.

13. Northern Fancy Meats.

This Yellowknife-based supplier, a division of Yellowknife Developments Ltd. can supply all meat requirements including cold cuts, seafood, cheeses and dairy products. They are also in a position to supply some grocery needs by case lot.

In the fall of this year, Northern Fancy Meats will be expanding to include a full line of groceries and at that time will be in a position to supply all food items to any location in the N.W.T.

Currently they supply grocery and meat requirements to a number of larger commercial organizations including Mid-West Drilling and Neptune Resources.

The chief contact person is:

Mr. Peter Bowden,
Manager,
252 Woolgar,
Box 850,
Yellowknife, N.W.T.
Telephone: (403) 873-8767.

14. Northern Industrial Catering & Accommodation Ltd.

This company is associated with the Yellowknife Inn and as such, is exposed to people involved in mining and exploration activities.

Northern Industrial Catering & Accommodation Ltd. offers turnkey camp accommodation and catering to any sort of camp, be it construction, drilling, forestry and the various stages of exploration.

In terms of camp catering, they obviously have a very synergistic facility in the Yellowknife Inn.

The company welcomes invitation to tender and looks forward to doing more with the exploration companies. In terms of a turnkey camp operation, and of course depending on location, they estimate they can serve a camp for $20 per man-day.

The chief contact person is:

Mr. Jack Walker,
Box 490,
Yellowknife, N.W.T
Telephone: (403) 873-2601.

15. Northern Interiors Ltd., Drapery & Decorating Centre.

This company is in the business of custom decorating and draperies, upholstering and re-upholstering. They have a retail display area in the Urbania Building at 5102 - 51 Street, Yellowknife.

Contracts for these types of services are normally sole-sourced and they have, in fact, done some custom drapery work for Con Mines, Giant Yellowknife, and Pine Point Mines.

The chief contact person is:

Ms. Laurel Rawlin,
Owner,
Box 804,
Yellowknife, N.W.T.
Telephone: (403) 920-2289.

16. NorthwesTel Inc.

NorthwesTel Inc. provides a wide range of telecommunication services to a population of 65,000 scattered throughout the vast Canadian northwest. NorthwesTel's operating area spans the Yukon, the western N.W.T., and northern B.C.; a total of 2.35 million square kkilometres. The corporation's headquarters are in Whitehorse, Yukon.

In its system, NorthwesTel has 61 exchanges, 4 toll exchanges, 115 radio/telephone-based stations, and serves 13 communities by satellite. According to the gentleman who runs NorthwesTel for the N.W.T., there is "no communication system that we cannot custom make".

Apparently some exciting developments are expected in the near future. In 1992, a hand-held set will be able to communicate directly with the satellite. This process is currently in the research and development stage. Also, developed, but still unproven, is RACE which stands for Random Access Call Evaluator, which is a single-side band system.

Obviously there are applications to the mining and exploration sectors and NorthwesTel is aggressively marketing its current and future technology.

The chief contact person is:

Mr. D. G. Yamkowy,
Assistant General Manager (N.W.T.),
P.O. Box 790,
50 Avenue & 50 Street,
Yellowknife, N.W.T.
Telephone: (403) 920-3529.

17. Northwestern Television Video.

This very interesting company is set up to provide video rentals to all areas in the N.W.T. It is owned by 50% by the Denendeh Development Corporation and 50% by Vid Canada Ltd., the latter being one of Canada's largest wholesalers in the video field.

They have a normal retail video rental market and a chain of approximately 20 "depots". The latter can be a lodge, a small village, a retailer of other goods and services, to such a thing as a coast guard vessel. A depot could carry up to 1,000 tapes. The existing library of N.W.T. Video approximates 7,000 tapes.

It is a Beta supplier and no X-rated tapes are in their inventory.

They have yet to make any effort to market their goods and services to the exploration industries, but an obvious market should be the exploration camps.

When dealing with a depot they have a shared revenue contract; 60% to N.W.T. Video and 40% to the depot. They share the freight in and out equally with the depot.

The chief contact person is:

Mr. Majella Morin,
President,
4600 Franklin Avenue,
Yellowknife, N.W.T.
Telephone: (403) 873-4057.

18. John Oldfield, authorized dealer for Snap-On Tools.

Mr. Oldfield is the Yellowknife-based supplier for Snap-On Tools which include quality hand, electric and pneumatic tools for the mechanic, plus a large variety of shop supplies, meters and equipment.

Currently Mr. Oldfield is carrying $100,000 inventory of tools in Yellowknife.

The chief contact person is:

Mr. John Oldfield,
P.O. Box 711,
Yellowknife, N.W.T.
Telephone: (403) 873-5527.

19. P.C.L. Construction Northern Inc.

P.C.L. is the largest civil contractors in the N.W.T. They have a work force of roughly 150 and 45% of their manhours are native.

P.C.L. has performed work for the Con and Giant Mines in Yellownife, including such things as serge towers, shafts, storage labs, transfer lines, etc.

P.C.L. obtains good results dealing with a local purchasing agent and local engineers. Their marketing efforts at the corporate level are combined with the industrial division of P.C.L. in Edmonton.

Admittedly, P.C.L. has made no intensive effort over the last two years with the industry.

P.C.L. expresses some criticism about tendering time sensitivities. It appears that most construction tenders are issued just before or during the four month summer season, when all contractors are busy and hence quite often work for northern contractors is passed up.

The chief contact person is:

Mr. Fred H. Russell,
President,
P.O. Box 819,
Yellowknife, N.W.T.
Telephone: (403) 873-5952.

20. Rangifer Systems Inc.

Rangifer Systems Inc. is a wholly northern-owned and operated company. It is 50% owned by Ferguson, Simek, Clark, the other shareholders being Garry Karst and Lou Covello, Consulting Geologist.

The company was formed specifically to offer computer systems design, application and programming services to northern interests. The company recognized the need to address the maturing growth and resultant technological vacuum of developments in the N.W.T.

They offer a full range of computer services from computer graphics and spatial analysis applications to systems development programming and remote communications. The firm has completed a wide range of projects:

- digital resource-based mapping
- development of specialized field systems for construction and mining applications
- remote sensing and communications for environmental control

Forty (40%) percent of their usable time is devoted to research and development.

The following is a direct quotation from Rangifer's presentation on their GEOLOGICAL INVENTORY MANAGEMENT & MAPPING SYSTEM (GIMM SYSTEM):

> "GIMM system is simply a mapping and management package which can be implemented in the field for data input and in the office for editing, manipulation, and final hard copy.
>
> The system is two-fold. The first being data input (numbers and letters) and the second is graphic input (screen drawings). These processes relate directly to the pencil and paper standards now in effect with the important advantages of time and cost-savings.
>
> Geological field mapping has always been a hand-drawn and hand-written process. Using air photographs, mylar overlays, and a notebook, the field party systematically cover a specified area each day. These areas taken from the air photographs are outlined as outcrops. Upon the mylar overlay, the outcrops are drawn in specific geological symbols are then sketched with the appropriate numerical data along side.
>
> The final map product is a compilation of 4 drafting processes:
>
> - the mylars

- the field composite
- the edited draft
- the final version

The time taken to re-draw maps and edit them individually as well as check and sort the station data, is a long and arduous process. The usual timetable for the final version is 4-6months and this translates directly into money.

GIMM system was created to mirror the processes of compiling data and graphic infromation already instituted. The important factors, which had to be addressed, was how to manage the data effectively and to circumvent the graphics lag which prevented efficient output. Rangifer Systems have addressed these issues and the GIMM system was developed.

In 1987 in contract with the Geology Division of Indian & Northern Affairs Canada, this application is being used to cover 6 map areas. These maps bases have already been digitized and are already in place. The program has been tested and all graphic standards have been set. The system can be placed in the field in 48 hours. Rangifer Systems will provide a trainer for one week. Support for the system will cover hardware and software durability.

GIMM system is an exciting break through in the field of mapping of geological data. Developed in the north for northern application, it could become a standard for geological applications."

Our interpretation of this presentation and other things that we have learned from the demand side of this investigative process, (i.e. exploration activities) it appears to us that there could be significant long term exploration application of this process. Coupled with continuous development of state-of-the-art communications from the field, that this could impact exploration technology for the future.

The chief contact person is:

Mr. Gary Karst,
P.O. Box 1777,
Yellowknife, N.W.T.
Telephone: (403) 920-2842.

21. Robinson's Trucking Ltd.

The name, Robinson's Trucking, is well known in the N.W.T. and actually is a misnomer. Not only are they involved in highway hauling but also in:

- ► drilling and blasting -- gravel and rock
- ► water and sewer construction and re-construction
- ► highway reconstruction
- ► paving with a chip seal hardtop
- ► equipment rentals -- trucks, loaders, backhauls, cats, graders, etc.
- ► winter ice road construction

In addition, Robinson's Trucking has taken on such large projects as building the artificial islands on the MacKenzie River at Norman Wells for Esso Resources Canada Limited.

They market by their reputation, aggressively pursue opportunities, and are a large successful company.

The chief contact person is:

Mr. Marvin Robinson,
Vice-President.
Box 1807,
Yellowknife, N.W.T.
X1A 2P4
Telephone: (403) 873-6271

22. Ron's Auto Service Ltd.

This company is in the domestic and import automobile an truck repair business and equipment rentals and sales. They carry and represent lines of:

- generators and welders
- washers
- compaction and concrete equipment
- pumps
- lawn and garden products
- chain saws and accessories
- gas engines
- diesel engines
- heaters and accessories
- earth/ice augers
- compressors
- vacuum cleaners
- paint-spraying equipment
- floor sanders
- abrasives
- torque converter systems
- snowmobiles and accessories
- lift trucks and pellet jacks
- automotive and truck parts and accesories

This operation is a Briggs and Stratton dealer and also a Wisconsin & Robin dealer.

In the past, efforts to market his range of products and services to mining and exploration companies have been negligible.

The chief contact person is:

Mr. Ron Gibeault,
Owner,
Box 2016,
Yellowknife, N.W.T.
Telephone: (403) 873-5973.

23. Ryfan Electric.

This company is owned by the current President of the Northwest Territories Construction Association, Mr. Rick Bolivar.

They are in the electrical installation and servicing business and they cover all of the Northwest Territories.

They bid on the mining industry jobs that are tendered, otherwise their direct marketing efforts are negligible.

The following comment was made:

> "Most of the major construction projects are bid and built by southern companies. Some projects that come to mind are Lupin Mines and Polaris Mine; most northern firms were not given the opportunity to bid on these projects.
>
> I believe that there is enough of a construction base in the Northwest Territories to handle just about any size project and given a chance, northern firms would be competitive with southern firms".

The chief contact person is:

Mr. Rick Bolivar,
President,
P.O. Box 2631,
Yellowknife, N.W.T.
Telephone: (403) 920-4068.

24. S.I.L. Diesel and Equipment.

This company specializes in caterpillar and industrial engines, heavy equipment repairs, field service, welding and manufacturing.

In addition to their new existing shop at #1 Coronation, they are setting up a complete machine shop facility this summer. Their speciality is diesel repair and, they are vitally interested in doing business with the mining and exploration industry.

Currently they do the diesel equipment repairs for two of the Diamond Drilling operations and some with Echo Bay Mines.

Marketing efforts have been by word of mouth and by reputation.

Their shop rate is $42/hour and their field rate with field equipment is $46/hour.

The owner states that much business from the mining and exploration industries is going to the south to firms such as Cummins Diesel, R. Angus, Waterous, etc. This company is owned by four people, 3 based in Yellowknife and one in Calgary.

The chief contact person is:

Mr. Peter Stiopu,
President,
Box 296,
Yellowknife, N.W.T.
Telephone: (403) 873-4433.

25. Tamarack Computers, Sales & Rentals.

Tamarack Computers retail personal computers and are progressively trying to enter the medium to larger scale mainframe market.

They are positioned to provide Yellowknife-based software support and sales follow up. The mining industry currently accounts for roughly ten (10%) percent of their business.

Tamarack states that they are price competitive with Edmonton-based suppliers and are marketing their products and service by personal contact.

The chief contact person is:

Mr. David Wind,
Proprietor,
Postal Service 8484,
Yellowknife, N.W.T.
Telephone: (403) 920-4380.

26. The Northwest Territories Construction Association.

The Northwest Territories Construction Association consists of 90 members ranging in size from PCL Constructors Northern Inc. down to a one-man operation. Of the 15 directors, 9 are Yellowknife-based, the remaining 6 covering the rest of the Territories.

It was stated that the members are definitely interested in doing business with the mining and exploration industries, but that to date they have not specifically targeted those sectors.

It is believed that soon they will target the industry and a reciprocal membership with the Chamber of Mines was suggested

The chief contact person is:

Mr. Rick Bolivar,
President,
P.O. Box 1889,
Yellowknife, N.W.T.
Telephone: (403) 873-3949.

27. The Seafood Outlet.

This is a retail and wholesale operation providing fresh frozen seafood products which account for 90% of their sales and 10% in freshwater fish.

Eighty (80%) percent of their business is the restaurants in Yellowknife, the remainder being normal walk-in retail business.

Indirectly they sell to the mining and exploration industry, as 3-5% of their sales are to Weaver & Devoe.

They would like to do business with the mining and exploration companies but they have not made any particular effort to develop that industry.

The chief contact person is:

Mr. Harvey Walsh,
Owner,
3533 MacDonald Drive,
Yellowknife, N.W.T.
Telephone: (403) 873-6280.

28. UMA Engineering Ltd.

The UMA group is an international organization providing professional planning, engineering, project management and engineering consulting services from offices in Canada and the United States. Their office in Yellowknife is staffed by ten persons, augmented by staff from the south as required.

The UMA group's experience in the N.W.T. is extensive and includes:

- The Coppermine water supply system.
- The Cambridge Bay water supply system.
- Site servicing for Rankin Inlet.
- Town site development for Resolute Bay.
- Town site development for Strathcona Sound, Baffin Island.
- Water and sewage disposable systems for Baker Lake.
- A waste management study for Resolute Bay.
- A sewage treatment plant at Nanisivik, Baffin Island.
- A permafrost study for Inuvik.
- Geotechnical investigations for the MacKenzie Highway, north of Wrigley to south of Fort Norman.
- Socio-economic studies in the Keewatin Region.
- A general development plan for Baker Lake and also for Rankin Inlet and Inuvik.

In terms of marketing to the mining industry, the UMA group has had discussions with engineers both at Giant Yellowknife Mines Ltd. and Nerco Con Mines Ltd. and will be pursuing these relationships.

The chief contact person is:

Mr. J. P. VanPraet,
Manager, N.W.T.,
P.O. Box 2545,
Yellowknife, N.W.T.
Telephone: (403) 920-4004.

29. Weaver & Devore Trading Limited.

This is a very successful grocery and dry goods company geared up specifically to target the mining and exploration sectors.

Roughly two-thirds of their business are groceries with the remainder being dry goods. Here again, a very high percentage of the exploration equipment listed in the DEAKIN equipment, Vancouver catalogue, is carried in Weaver & Devore's product line.

Ninety (90%) percent of their sales volume is with mining and exploration companies.

They market by reputation, which means answering the phone; and of course, the summer season of 4 months is the most busy time of the year.

They are a member of the Chamber of Mines.

The groceries product list covers most products within the following lines:

- meat and fish
- frozen foods
- vegetables and fruit
- dairy products
- bread
- juices
- canned fruits
- canned vegetables
- luncheon meats
- soups
- baking needs
- spices
- a wide variety of other grocery and commissary needs.

The chief contact person is:

Mr. Bud Weaver,
Manager,
Sub-P.O. Box 1,
Yellowknife, N.W.T.
Telephone: (403) 873-2219.

30. Wesclean Sales (1986).

This product line of this company offers janitorial and restaurant supplies and equipment. Roughly one-third of their annual volume is in the hospitality industry; one-third industrial and one-third institutional. Bush campsor exploration camps account for 5% of their business.

They offer and are distributor for:

- Kimberly-Clark paper products
- S.C. Johnson products
- wiping rags
- Atlas Graham
- laundry cleaners
- sweeping compounds
- Clarke Equipment
- insect repellant
- Avmore products
- Whitemop
- Westclean chemicals
- CGE lighting
- Lipton Service and Bar Supplies
- Hotel and restaurant supplies

They also have a line of Wesclean chemical products manufactured in the N.W.T.

Marketing efforts with the industry have been minimal according to the owner.

The chief contact person is:

Mr. Ken Rosebrugh,
Owner,
Box 1706,
Yellowknife, N.W.T.
Telephone: (403) 920-2757.

APPENDIX B

List of Government Officials Interviewed

LIST OF GOVERNMENT OFFICIALS INTERVIEWED

Organization	Name	Position	Location
G.N.W.T. - Economic Development & Tourism	Robert Trudeau	Acting Assistant Deputy Minister	Yellowknife
	Terry Foster	Head, Non-Renewable Resources	Yellowknife
	Don Worrall	Senior Economic Planner	Yellowknife
G.N.W.T. - Energy Mines and Resources Secretariat	Peter J. Hart	Secretary	Yellowknife
	Wayne R. Wagner	Minerals Advisor	Yellowknife
	Bernie Scott	Resource Management Officer	Yellowknife
G.N.W.T. - Government Services	Norm Phillpot	Director, Supply & Services	Yellowknife
	R.J. Lalonde	Purchasing Manager	Yellowknife
Indian and Northern Affairs Canada	G. Patennaude	Director of Minerals & Economic Analysis	Yellowknife
	John A. Brophy	District Geologist	Yellowknife
	J. Seaton	District Geologist	Yellowknife
	W. Gibbons	District Geologist	Yellowknife
	Helen R. Young	Head, Northern Benefits	Yellowknife
Legislative Assembly	The Honourable Gordon Wray	Minister of Public Works and Highways, Municipal and Community Affairs, and responsible for the Highway Transport Board	Baker Lake
Regional Directors & Other Officials	John Pollard	Mayor	Hay River
	Mike Kusugak	Acting Regional Director	Rankin Inlet
	John Mathews	Assistant Director of Economic Development & Tourism	Rankin Inlet
	Sally Meserah	Government Liaison Officer	Baker Lake
	Ron Kungel	Economic Development & Tourism	Baker Lake
	Robert Seeteenak	Assistant Secretary Manager, Hamlet of Baker Lake	Baker Lake

APPENDIX C

List of Mining Companies Interviewed

LIST OF MINING COMPANIES INTERVIEWED

Mine	Contact	Position	Location
Nerco Con Limited	Leon S. Harder W.H. (Bill) Heigton	Purchasing Agent Storekeeper	Yellowknife Yellowknife
Giant Yellowknife Mines Limited	Ken Blower Dave Jarvis W.J. (Joe) Walsh	General Manager Purchasing Agent Office Manager	Yellowknife Yellowknife Yellowknife
Echo Bay Mines Ltd.	R.O. (Rolly) Kilborn G.R. (Ryan) Cooke Janice Comeau	Purchasing Manager Exploration Manager Lupin Controller	Edmonton Edmonton Edmonton
Treminco Resources Ltd.	R.T. Trenaman	President	Vancouver
Nanisivik Mines Ltd.	Graham Clow Bob Keeting	Mine Manager Purchasing Agent	Nanisivik Toronto
Cominco Ltd. -- Polaris	Dave Johnston J.M. Griffin	Vice President Materials Management Superintendent	Vancouver Toronto
Terra Mines Ltd.	Steve Nicholas	Senior Project Engineer	Edmonton
Canada Tungsten Mining Corporation Limited	Vassee Havarainam	Purchasing Agent	Vancouver

APPENDIX D

List of Exploration Companies Interviewed

LIST OF EXPLORATION COMPANIES INTERVIEWED

Mine	Contact	Position	Location
Noranda Exploration Company Limited	Claude Durocher	Manager, Mid-West Division	Winnipeg
	David H.R. Powers	Senior Project Geologist	Winnipeg/ Yellowknife
P.N.C. Exploration (Canada) Ltd.	H. Shibayama	President & General Manager	Vancouver
Abermin Corporation	B.W. Smee	Exploration Manager	Vancouver
Bow Valley Industries Ltd.	John Fraser	Senior Geologist	Vancouver
Borealis Exploration Ltd.	Jasi Nikhanj	Vice President, Exploration	Calgary
Comaplex Resources International Ltd.	M.W. Pyke	Vice President, Exploration	Calgary
Echo Bay Mines Ltd.	G.R. (Ryan) Cooke	Exploration Manager	Edmonton
Freeport-McMoRan Gold Company	Vic Tanaka	Vice President, Canadian Exploration	Vancouver
Trigg, Woollett, Olson Consulting Ltd.	R.A. Olson	Partner	Edmonton
Urangesellschaft Canada Limited	Michael Stuart Claus Wiese	Exec. Vice President Geological Engineer	Toronto Keewatin
Homestake Mineral Development Co.	Peter Ronning	Senior Exploration Geologist	Vancouver

LIST OF EXPLORATION COMPANIES INTERVIEWED

(CONT'D)

Mine	Contact	Position	Location
Canadian Nickel Company Limited	Dwayne Car (privileged info.)	Project Geologist	Copper Cliff, Ontario
Neptune Resources	Peggy Witte Dave Wiggins (information still forthcoming)	President Controller	Toronto Toronto
Treasure Island Resources Corp.	Ken Davidson (no current information)	Director	Vancouver
Westmin Resources Limited	Art Soregaroli (no activity)	Vice President, Exploration	Vancouver
Noble Peak Resources Ltd.	Norman H. Ursel	President	Toronto

APPENDIX E

Proposed Generic Business Opportunity Guides in Letter Form and Pamphlet Form

(with attachments A & B)

PROPOSED GENERIC BUSINESS OPPORTUNITY GUIDE IN LETTER FORM

, 1987

Dear :

RE: Strategies to improve Northwest Territories business opportunities related to mining and mineral exploration

We are indebted to you for participating in the recent study sponsored by the G.N.W.T Energy, Mines and Resources Secretariat and the Department of Economic Development & Tourism in co-operation with the N.W.T. Chamber of Mines.

We were pleased with the enthusiasm both from the suppliers and the mining and exploration companies.

In this letter, we highlight some of the important findings, and make recommendations on how you, a supplier, can capture a greater share of the purchases by mining and exploration companies. In Attachment A we have more specific findings and recommendations for suppliers in your sector of the N.W.T. economy. In Attachment B we identify specific points of contact in the participating mining and exploration companies.

A. FINDINGS FROM MINING AND EXPLORATION COMPANIES

In doing this work, the consultants we retained interviewed all of the operating mines in the N.W.T. As well, they spoke with exploration companies representing well over 55% of exploration activity in the N.W.T.

In total, mining companies spend approximately 22% of their purchase of goods and services with N.W.T. suppliers. In the case of exploration companies, it is higher. In the Keewatin area, 44% of goods and services are purchased in the N.W.T.; whereas in the western N.W.T., this figure is almost 85%.

These may seem like fairly large numbers. In the interviews with mining and exploration companies, the consultants found there was a desire to increase the market share that N.W.T. suppliers can capture. In almost all cases, mining and exploration companies were very open to buying more of their goods in the N.W.T. In one case, a mining company, the purchasing agent was quite prepared to meet with any N.W.T. supplier to discuss his needs. This company (Nerco Con) is even prepared to provide any supplier with a list of purchases by item, including the price currently being paid, the annual volume required, the economic order quantity, etc. We found that other companies were interested as well in obtaining a greater percentage of their goods in the N.W.T.

In spite of this willingness, they acknowledge that N.W.T. suppliers do not make an active effort to solicit the mining companies' business. The standard ratio appears to be 100 visits from southern-based suppliers to one visit by a northern supplier.

The mining and exploration companies are saying essentially that they are prepared to do more business with N.W.T. suppliers, but the initiative must come from the suppliers. Mining and exploration companies are quite satisfied with their current purchasing patterns. They are prepared to do more business in the N.W.T., but they are looking to the suppliers to take the first step. They expect suppliers to approach them and to convince them that they would be better off in dealing with N.W.T. suppliers.

Suppliers would be well rewarded by making an approach. Based upon our analysis, we see a sales potential of approximately $12.5 million in added business that could be captured by N.W.T. suppliers. Geographically, we see this sales potential as follows:

- Hay River -- $3.0 million.
- Yellowknife -- $7.5 million.
- The Keewatin Region -- $2.0 million.

B. WHAT SUPPLIERS NEED TO DO

The major step that needs to be undertaken by N.W.T. suppliers is to market their goods and services to mining and exploration companies operating in the N.W.T. In one case, the president of a mining company suggested to one of our interviewers that there should be a certain type of service firm in the N.W.T. He did not know that there already was one in Hay River providing exactly the type of service he was seeking.

We are convinced that there needs to be more active communications and marketing by the suppliers. Suppliers should communicate regularly with purchasing agents of both mining and exploration firms. Needs change regularly for both types of firms; the supplier who has the most active contact with the potential customer will get the order.

In the paragraph above, we spoke about communications and marketing. We see some current difficulties with both.

1. Communications.

Many suppliers complained to us that they do not have information on mining and exploration intentions. As a result, by the time they find out about a specific project, most of the purchasing of goods and services has already been done.

We believe a solution is to have a single focal point for this communication about activity in the mining and exploration industry. The N.W.T. Chamber of Mines could fill that role, and there could be an expanded supplier section within the Chamber. In this way, suppliers to the industry can obtain information on the intentions of the industry, can share common problems, and can present a common front. As well, via the N.W.T. Chamber of Mines, suppliers could obtain information on contacts, volumes, intentions, etc.

2. Marketing.

One of the greatest problems for smaller firms is the acquisition of marketing expertise. We find that many small firms are expert in the goods or services that they provide, but that very few know how to market these goods or services effectively.

We believe the solution is to encourage owners and employees to take courses in marketing. These courses are generally available in Yellowknife; of late, they have also become available in the regions. Although participating in these courses takes time away from the running of the business, we believe strongly that these skills will pay off to the suppliers who have them.

We should note that marketing need not be a very sophisticated art. Rather, we are talking about the supplier taking the initiative in identifying the needs of the mining and exploration companies, and meeting those needs through the provision of goods or services. Suppliers should be able to answer these questions:

- ► What goods or services are mining and exploration companies buying?
- ► What is the most important characteristic for these companies:
    - Price.
    - Availability.
    - Landed cost.
    - After sales service.
    - Consignment inventory.
    - Etc.?

- Do I have the goods or services in stock?

- Do I know who makes the purchasing decision, how frequently, and who is the current supplier?

- Have I been in touch with the purchasing agent within the last three to six months?

- Have I identified what I can do better than the current supplier?

Suppliers should be asking themselves these questions for all of their goods and for each potential customer. By taking note of the questions and the answers, and by communicating on a regular basis with potential mining and exploration customers, we are convinced that N.W.T. suppliers can capture much of the $12.5 million additional sales potential identified.

3. The next steps.

We are hopeful that this report will not be simply another consultant's report that will sit on a shelf. We are encouraging suppliers to participate actively in approaching the industry and capturing a greater market share.

As well, some large steps will be taken on an industry-wide basis.

There is a challenge for the N.W.T. Chamber of Mines to organize a supplier's section, hire a coordinator, and design a number of programs to bring N.W.T. suppliers and the industry together. We are convinced that this move will encourage communications and marketing between suppliers and the industry.

There is a role for the G.N.W.T. to assist the Chamber with this challenge.

Ultimately, the capture of the $12.5 million potential rests with you, the supplier. If you are interested in capturing an additional share of the market, and in getting greater business from the mining and exploration companies, we are convinced that you will be successful. On the other hand, if you do not take up this challenge, mining and exploration companies will continue to purchase some of their goods and services in the north and the balance in the south.

We wish you well in this endeavour. We are convinced that you will benefit, and the whole of the Northwest Territories will benefit, if you take up this challenge.

Sincerely yours,

ENERGY, MINES AND RESOURCES SECRETARIAT
AND DEPARTMENT OF ECONOMIC DEVELOPMENT & TOURISM

PROPOSED GENERIC BUSINESS OPPORTUNITY GUIDE IN PAMPHLET FORM

TITLE: **Strategies to improve Northwest Territories' Business Opportunities Related to Mining and Minerals Exploration**

INTRODUCTION

In June to September, 1987, the G.N.W.T. Energy, Mines and Resources Secretariat and the Department of Economic Development and Tourism, in co-operation with the N.W.T. Chamber of Mines, sponsored a study dealing with supply to the mining and exploration industries. The purpose of the study was to identify opportunities for N.W.T. suppliers to capture a larger share of the purchases made by these industries.

We were pleased with the enthusiasm both from the suppliers and the mining and exploration companies.

In this Business Opportunity Guide, we highlight some of the important findings, and make recommendations on how you, a supplier, can capture a greater share of the purchases by mining and exploration companies. In Attachment A we have more specific findings and recommendations for suppliers in your sector of the N.W.T. economy. In Attachment B we identify specific points of contact in the participating mining and exploration companies.

A. FINDINGS FROM MINING AND EXPLORATION COMPANIES

In doing this work, the consultants interviewed all of the operating mines in the N.W.T. As well, they spoke with exploration companies representing well over 55% of exploration activity in the N.W.T.

In total, mining companies spend approximately 22% of their purchase of goods and services with N.W.T. suppliers. In the case of exploration companies, it is higher. In the Keewatin area, 44% of goods and services are purchased in the N.W.T.; whereas in the western N.W.T., this figure is almost 85%.

These may seem like fairly large numbers. In the interviews with mining and exploration companies the consultants found there was a desire to increase the market share that N.W.T. suppliers can capture. In almost all cases, mining and exploration companies were very open to buying more of their goods in the N.W.T. In one case, a mining company, the purchasing agent was quite prepared to meet with any N.W.T. supplier to discuss his needs. This company (Nerco Con) is even prepared to provide any supplier with a list of purchases by item, including the price currently being paid, the annual volume required, the economic order quantity, etc. Other companies were interested as well in obtaining a greater percentage of their goods in the N.W.T.

In spite of this willingness, they acknowledge that N.W.T. suppliers do not make an active effort to solicit the mining companies' business. The standard ratio appears to be 100 visits from southern-based suppliers to one visit by a northern supplier.

The mining and exploration companies are saying essentially that they are prepared to do more business with the N.W.T. suppliers, but the initiative must come from the suppliers. Mining and exploration companies are quite satisfied with their current purchasing patterns. They are prepared to do more business in the N.W.T., but they are looking to the suppliers to take the first step. They expect suppliers to approach them and to convince them that they would be better off in dealing with N.W.T. suppliers.

Suppliers would be well rewarded by making an approach. Based upon their analysis, the consultants see a sales potential of approximately $12.5 million in added business that could be captured by N.W.T. suppliers. Geographically, this sales potential breaks out as follows:

- ► Hay River -- $3.0 million.
- ► Yellowknife -- $7.5 million.
- ► The Keewatin Region -- $2.0 million.

B. WHAT SUPPLIERS NEED TO DO

The major step that needs to be undertaken by N.W.T. suppliers is to market their goods and services to mining and exploration companies operating in the N.W.T. In one case, the president of a mining company suggested to one of the interviewers that there should be a certain type of service firm in the N.W.T. He did not know that there already was one in Hay River providing exactly the type of service he was seeking.

There needs to be more active communications and marketing by the suppliers. Suppliers should communicate regularly with purchasing agents of both mining and exploration firms. Needs change regularly for both types of firms; the supplier who has the most active contact with the potential customer will get the order.

The paragraph above dealt with communications and marketing. Difficulties exist with both currently.

1. Communications

Many suppliers complain that they do not have information on mining and exploration intentions. By the time they find out about a specific project, most of the purchasing of goods and services has already been done.

A solution is to have a single focal point for this communication about activity in the mining and exploration industry. The N.W.T. Chamber of Mines could fill that role, and there could be an expanded supplier section within the Chamber. In this way, suppliers to the industry can obtain information on the intentions of the industry, can share common problems, and can present a common front. As well, via the N.W.T. Chamber of Mines, suppliers could obtain information on contacts, volumes, intentions, etc.

2. Marketing

One of the greatest problems for smaller firms is the acquisition of marketing expertise. Many small firms are expert in the goods or services that they provide, but that very few know how to market these goods or services effectively.

The solution is to encourage owners and employees to take courses in marketing. These course are generally available in Yellowknife; of late, they have also become available in the regions. Although participating in these courses takes time away from the running of the business, these skills will pay off to the suppliers who have them.

We should note that marketing need not be a very sophisticated art. Rather, we are talking about the supplier taking the initiative in identifying the needs of the mining and exploration companies, and meeting those needs through the provision of goods or services. Suppliers should be able to answer these questions:

- What goods or services are mining and exploration companies buying?
- What is the most important characteristic for thee companies:
    - Price.
    - Availability.
    - Landed cost.
    - After sales service.
    - Consignment inventory.
    - Etc.?

- Do I have the goods or services in stock?

- Do I know who makes the purchasing decision, how frequently, and who is the current supplier?

- Have I been in touch with the purchasing agent within the last three to six months?

- Have I identified what I can do better than the current supplier?

Suppliers should be asking themselves these questions for all of their goods and for each potential customer. By taking note of the questions and the answers, and by communicating on a regular basis with potential mining and exploration customers N.W.T. suppliers can capture much of the $12.5 million additional sales potential identified.

3. The next steps

We are hopeful that this Business Opportunity Guide will not be simply another publication that will sit on a shelf. We are encouraging suppliers to participate activiely in approaching the industry and capturing a greater market share.

As well, some large steps could be taken on an industry-wide basis.

There is a challenge for the N.W.T. Chamber of Mines to organize a supplier's section, hire a coordinator, and design a number of programs to bring N.W.T. suppliers and the industry together.

This move will encourage communications and marketing between suppliers and the industry.

There is a role for the G.N.W.T. to assist the Chamber with this challenge.

Ultimately, the capture of the $12.5 million sales potential rests with you, the supplier. If you are interested in capturing an additional share of the market, and in getting more business from the mining and exploration companies, you will be successful. On the other hand, if you do not take up this challenge, mining and exploration companies will continue to purchase some of their goods and services in the north and the balance of the south.

We wish you well in this endeavour. We are convinced that you will benefit, and the whole of the Northwest Territories will benefit, if you take up this challenge.

Attachment A

FINDINGS AND RECOMMENDATIONS
TO CONSTRUCTION SECTOR SUPPLIERS

Attachment A

FINDINGS AND RECOMMENDATIONS
TO CONSTRUCTION SECTOR SUPPLIERS

The mining and exploration industry in the N.W.T. is a relatively stable and growing industry. The operating mines and the 12 participating exploration companies all represent sales potential to the N.W.T. construction sector.

The industry looks to the construction sector for a broad spectrum of construction needs. The exploration companies have an annual need for construction of exploration camps including lumber, building materials and other camp infrastructure requirements. Many suppliers who participated in this study are equipped to provide a turnkey service for camp development and/or redeployment.

The operating mines, from time to time, have construction needs both major and minor. In recent years members of the construction sector have built serge towers, shafts, transfer lines, storage laboratories, etc.

For construction needs, the mining and exploration companies tend to look to the south for supply. This stems partly from a lack of knowledge of N.W.T.-based construction companies. The output from this study will be the first step to improving that knowledge vacuum. There is a future role for the N.W.T. Chamber of Mines to assist in developing information channels.

The challenge and potential is there. We estimate that in an average year, there is an additional N.W.T. sales potential of $2-$3 million for construction needs. Of course this average is higher in years of heavier exploration activity, and also project construction at operating mines; the latter is planned well in advance.

The main initiative rests with you, a supplier in the construction sector. You must stay in close contact with the decision makers in the mining and exploration companies. Contact must be frequent, particularly with the exploration companies. The decision makers, titles, addresses, and phone numbers for the companies that participated in this study are identified in Attachment B.

We believe that in order to realize additional potential you will need to contact each of these people, and determine who is in charge of construction for particular projects. In our review, successful marketing comes about from identifying the exact needs of each potential customer. As a result, we recommend that you pursue the following process:

- Identify the person in charge of construction decisions relative to suppliers.
- Make an appointment with that individual.
- Get him or her to discuss the needs of the company; too many people believe that marketing visits involve trying to convince a potential customer that your company can provide the service that he needs. Far more important is the actual listening to ensure that you understand the specific needs of the company.
- After the meeting, follow up with a well-prepared letter and package identifying your understanding of the company's needs and discussing how you believe those needs can be met by dealing with your company.
- On a periodic basis thereafter, contact this individual to monitor progress and gauge reaction to your presentation.

This sounds like a tedious process. Nonetheless, the decision on construction tender awarding is a large one and no construction manager wants to be seen to have made the wrong decision. Therefore, it is important to provide this information and follow up to show the decison maker that you are truly interested in the business, and are prepared to work hard to get it.

Attachment A

FINDINGS AND RECOMMENDATIONS TO TRANSPORTATION SECTOR SUPPLIERS

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FINDINGS AND RECOMMENDATIONS

TO TRANSPORTATION SECTOR SUPPLIERS

PARTICIPANTS

The mining and exploration industry in the N.W.T. is a relatively stable and growing industry. The operating mines and the 12 participating exploration companies all represent sales potential to the N.W.T. transportation sector.

The broad spectrum of transportation and related services is represented by the N.W.T. suppliers participating in this study. They range from the provision of small all terrain vehicles for transporting goods and labour to exploration camps to the large-scale carriers for seasonal movement of goods, equipment and other supply items to operating mine sites. Also the N.W.T. has a strong base in the air carrier sector.

Notwithstanding the strong transportation sector in the N.W.T., mining and exploration companies still look to the south for service in many cases. This stems partially from a lack of knowledge of N.W.T.-based transportation companies. The output from this study will be the first step to improving that knowledge vacuum. There is a future role for the N.W.T. Chamber of Mines to assist in developing information channels.

The challenge and potential is there. We estimate that in an average year, there is an additional N.W.T. potential of $1.5 million sales potential. Of course this average is higher in years of heavier exploration activity, or project construction at operating mines; the latter is planned well in advance.

Keep in mind that the exploration companies have smaller transportation needs, which quite frequently are of an emergency nature to remote areas. This means aggressive, very frequent contact by a supplier of land and/or air transport with exploration camp management.

The mining companies have a much greater ability to pre-plan their transportation needs and accordingly look to tendered, longer term service contracts. Thus, perhaps contact with the decision makers need be less frequent, but sales information and dependable support are absolute requirements.

The main initiative rests with you, a supplier in the transportation sector. You must stay in close contact with the decision makers in the mining and exploration companies. Contact must be frequent, particularly with the exploration companies. The decision makers, titles, addresses, and phone numbers for the companies that participated in this study are identified in Attachment B.

We believe that in order to realize additional potential you will need to contact each of these people, and determine who is in charge of transportation for particular projects. In our review, successful marketing comes about from identifying the exact needs of each potential customer. As a result, we recommend that you pursue the following process:

- ► Identify the person in charge of transportation decisions relative to suppliers.
- ► Make an appointment with that individual.
- ► Get him or her to discuss the needs of the company; too many people believe that marketing visits involve trying to convince a potential customer that your company can provide the service that he needs. Far more important is the actual listening to ensure that you understand the specific needs of the company.
- ► After the meeting, follow up with a well-prepared letter and package identifying your understanding of the company's needs and discussing how you believe those needs can be met by dealing with your company.
- ► On a periodic basis thereafter, contact this individual to monitor progress and gauge reaction to your presentation.

This sounds like a tedious process. Nonetheless, the decision on transportation tender awarding is a large one and no transportation manager wants to be seen to have made the wrong decision. Therefore, it is important to provide this information and follow up to show the decison maker that you are truly interested in the business, and are prepared to work hard to get it.

Attachment A

FINDINGS AND RECOMMENDATIONS TO SUPPLIERS OF SUPPLIES, HARDWARE, TOOLS, AND SIMILAR EQUIPMENT

The mining and exploration industry in the N.W.T. is a relatively stable and growing industry. The operating mines and the 12 participating exploration companies all represent sales potential to the N.W.T. to the N.W.T. suppliers of supplies, hardware, tools and similar equipment sector.

Suppliers in this sector have a much larger potential market in the mining and exploration companies than they are currently achieving. However, as the foregoing letter indicates the initiative rests with you the supplier.

The mining and exploration companies have a host of needs that you, an N.W.T. supplier in this sector, can provide. Examples include:

- Lumber, timbers, plywood, all building materials.
- Hardware, plumbing, mechanical, electrical supplies, etc.
- Hoses and fittings.
- Power tools.
- Fasteners.
- Chain saws.
- Tools of all description.
- Pumps.
- Compressors.
- Snowmobiles and accessories.
- Earth and ice augers.
- Etc., etc.

In order for N.W.T. suppliers to provide these goods, they must be willing to expand their product range. There is a much larger market represented by the mining and exploration companies. But you have to understand their needs. This can only happen by personal contact with the decision makers.

For supplies and equipment needs, the mining and exploration companies sometimes look to the south for supply. This stems partly from a lack of knowledge of N.W.T.-based construction companies. The output from this study will be the first step to improving that knowledge vacuum. There is a future role for the N.W.T. Chamber of Mines to assist in developing information channels.

The challenge and potential is there. We estimate that in an average year, there is an additional N.W.T. sales potential of $2-$3 million. Of course this averge is higher in years of heavier explloration activity, also project construction at operating mines; the latter is planned well in advance.

The main initiative rests with you, a supplier in supplies, hardware, tools and similar equipment sector. You must stay in close contact with the decision makers in the mining and exploration companies. Contact must be frequent, particularly with the exploration companies. The decision makers, titles, addresses, and phone numbers for the companies that participated in this study are identified in Attachment B.

We believe that in order to realize additional potential you will need to contact each of these people, and determine who is in charge of supplies purchasing for particular projects. In our review, successful marketing comes about from identifying the exact needs of each potential customer. As a result, we recommend that you pursue the following process:

- Identify the person in charge of supplies, hardware, tools, etc. decisions relative to suppliers.

- Make an appointment with that individual.

- Get him or her to discuss the needs of the company; too many people believe that marketing visits involve trying to convince a potential customer that your company can provide the service that he needs. Far more important is the actual listening to ensure that you understand the specific needs of the company.

- After the meeting, follow up with a well-prepared letter and package identifying your understanding of the company's needs and discussing how you believe those needs can be met by dealing with your company.

- On a periodic basis thereafter, contact this individual to monitor progress and gauge reaction to your presentation.

This sounds like a tedious process. Nonetheless, the decision on supplies, hardware, tools, and similar equipment tenders awarding is a large one and no purchasing manager wants to be seen to have made the wrong decision. Therefore, it is important to provide this information and follow up to show the decison maker that you are truly interested in the business, and are prepared to work hard to get it.

Attachment A

FINDINGS AND RECOMMENDATIONS TO GROCERIES AND DRY GOODS SECTOR SUPPLIERS

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FINDINGS AND RECOMMENDATIONS TO GROCERIES AND DRY GOODS SECTOR SUPPLIERS

The mining and exploration industry in the N.W.T. is a relatively stable and growing industry. The operating mines and the 12 participating exploration companies all represent sales potential to the N.W.T. to the suppliers of groceries and dry goods sector.

The exploration companies are the prime market. Roughly 50% of the exploration expenditures in the N.W.T. are represented by the 12 exploration companies.

Suppliers in this sector serving the Central and Slave Regions from Yellowknife have captured a high market share. We estimate that between 80% and 85% of the exploration companies' expenditure for groceries and dry goods is represented by purchases in Yellowknife.

In the Keewatin Region, suppliers in this sector have met with considerably less success. In Yellowknife there are examples of what can be achieved through cooperation of suppliers in tackling this market. The prime example is a cooperative approach through expediting companies such as Braden-Burry Expediting Services and their relationship with Weaver and Devore Trading Company.

We believe that central and western suppliers can increase further their share of market for the exploration companies in the Central and Slave Regions by more aggressive needs-oriented marketing.

For those suppliers in the Keewatin Region, there is a large and potential market in the exploration companies. This market can be explored through a much greater cooperative needs-oriented marketing thrust by suppliers in Eskimo Point, Rankin Inlet and Baker Lake.

Particularly for dry goods, the mining and exploration companies look to the south for supply. This stems partly from a lack of knowledge of N.W.T.-based suppliers of dry goods. The output from this study will be the first step to improving that knowledge vacuum. There is a future role for the N.W.T. Chamber of Mines to assist in developing information channels.

The expenditures in the groceries and dry goods categories normally account for 8% to 10% of an exploration company's overall goods and services expenditure on any particular site. The companies look for highly responsive service and an exploration camp's demand for service cannot necessarily be projected well in advance. Thus, the message is clear: Stay in frequent contact with the camp superintendent and work closely with compatible suppliers in your community, especially those providing expediting services.

The challenge and potential is there. We estimate that in an average year there is an additional \$1.5-\$2.5 million potential in sales. This potential is represented primarily by the exploration companies with an emphasis on the Keewatin Region. Of course this averge is higher in years of heavier exploration activity.

The main initiative rests with you, a supplier in the supply of groceries and dry goods sector. You must stay in close contact with the decision makers in the mining and exploration companies. Contact must be frequent, particularly with the exploration companies. The decision makers, titles, addresses, and phone numbers for the companies that participated in this study are identified in Attachment B.

We believe that in order to realize additional potential you will need to contact each of these people, and determine who is in charge of groceries and dry goods purchasing for particular projects. In our review, successful marketing comes about from identifying the exact needs of each potential customer. As a result, we recommend that you pursue the following process:

- Identify the person in charge of groceries and dry goods purchasing decisions relative to suppliers.
- Make an appointment with that individual.
- Get him or her to discuss the needs of the company; too many people believe that marketing visits involve trying to convince a potential customer that your company can provide the service that he needs. Far more important is the actual listening to ensure that you understand the specific needs of the company.
- After the meeting, follow up with a well-prepared letter and package identifying your understanding of the company's needs and discussing how you believe those needs can be met by dealing with your company.
- On a periodic basis thereafter, contact this individual to monitor progress and gauge reaction to your presentation.

This sounds like a tedious process. Nonetheless, the decision on purchasing groceries and dry goods is a large one and no purchasing manager wants to be seen to have made the wrong decision. Therefore, it is important to provide this information and follow up to show the decison maker that you are truly interested in the business, and are prepared to work hard to get it.

Attachment A

FINDINGS AND RECOMMENDATIONS TO SERVICE SECTOR SUPPLIERS

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FINDINGS AND RECOMMENDATIONS TO SERVICE SECTOR SUPPLIERS

The mining and exploration industry in the N.W.T. is a relatively stable and growing industry. The operating mines and the 12 participating exploration companies all represent sales potential to the N.W.T. service sector.

We believe that between 40% and 50% of the $12.5 million sales potential mentioned in section A in the attached business opportunity guide can be achieved by N.W.T.-based suppliers in the services sector.

The service sector embraces a wide variety of mining and exploration needs including:

- Expediting services.
- Accommodation.
- Engineering and surveying.
- Accounting and administrative services.
- Communications services.
- Equipment repair.
- Assay and related support services.
- Drilling services.
- Consulting services.
- Office supply services.
- Computer systems design, application and programming services.
- Other services.

For service needs, the mining and exploration companies tend to look to the south for supply. This stems partly from a lack of knowledge of N.W.T.-based service firms. The output from this study will be the first step to improving that knowledge vacuum. There is a future role for the N.W.T. Chamber of Mines to assist in developing information channels.

The challenge and potential is there. We estimate that in an average year, there is an additional N.W.T. sales potential of \$5-\$6 million in service needs. Of course this average is higher in years of heavier exploration activity, and also project construction at operating mines; the latter is planned well in advance.

The main initiative rests with you, a supplier in the in the service sector. You must stay in close contact with the decision makers in the mining and exploration companies. Contact must be frequent, particularly with the exploration companies. The decision makers, titles, addresses, and phone numbers for the companies that participated in this study are identified in Attachment B.

Assessing the sales potential, we see specific immediate opportunities in the following areas:

- Assay and related support services.
- Engineering and surveying.
- Expediting services.
- Communications services.

We believe that in order to realize additional potential you will need to contact each of these people, and determine who is in charge of in charge of service needs for particular projects. In our review, successful marketing comes about from identifying the exact needs of each potential customer. As a result, we recommend that you pursue the following process:

- Identify the person in charge of service sector decisions relative to suppliers.
- Make an appointment with that individual.
- Get him or her to discuss the needs of the company; too many people believe that marketing visits involve trying to convince a potential customer that your company can provide the service that he needs. Far more important is the actual listening to ensure that you understand the specific needs of the company.
- After the meeting, follow up with a well-prepared letter and package identifying your understanding of the company's needs and discussing how you believe those needs can be met by dealing with your company.
- On a periodic basis thereafter, contact this individual to monitor progress and gauge reaction to your presentation.

This sounds like tedious process. Nonetheless, the decision on service tender awarding is a large one and no purchasing manager wants to be seen to have made the wrong decision. Therefore, it is important to provide this information and follow up to show the decison maker that you are truly interested in the business, and are prepared to work hard to get it.

Attachment B

MINING & EXPLORATION COMPANIES

POINTS OF CONTACT

Attachment B

MINING & EXPLORATION COMPANIES

POINTS OF CONTACT

Company	Person	Address
Mining Companies		
Nerco Con Mine Ltd.	Leon J. Harder Purchasing Agent	P.O. Box 2000 Yellowknife, N.W.T. X1A 2M1 (403) 920-4595
Giant Yellowknife Mines Limited	David Jarvis Purchasing Agent	Yellowknife, N.W.T. (403) 873-6301
Treminco Resources Ltd.	R. T. Trenaman President	1110-625 Howe Street Vancouver, B.C. V6C 2T6 (604) 687-4650
Echo Bay Mines Ltd. (Lupin Mine)	R.O. Kilborn Purchasing Manager	3300 Manulife Place 10180 - 101 Street Edmonton, Alberta T5J 3S4 (403) 429-5827
Cominco Ltd. (Polaris Mine)	Jim Griffen Material Management Superintendent	Suite 1505, 20 Eglinton Ave., W. Box 2014 Toronto, Ontario M4R 1K8 (416) 488-5406
Exploration Companies		
Noranda Exploration Company Limited	David H. R. Powers Sr. Project Geologist	4-2130 Notre Dame Ave. Winnipeg, Manitoba R3H OK1, (204) 633-7252 Yellowknife: (403) 873-5873

Company	Person	Address
PNC Exploration (Canada) ltd.	H. Shibayama, President and General Manager	2401, 650 W. Georgia St. Vancouver, B.C. V6B 4N8 (604) 681-6151
Abermin Corporation	B.W. Smee, Exploration Supervisor	1500, N. 1075 West Georgia Street Vancouver, B.C. V6E 3C9 (604) 681-7727
Bow Valley Industries Ltd.	John Fraser, Chief Geologist	2020, 1177 W. Hastings St. Vancouver, B.C. V6E 2K3 (604) 669-9220
Borealis Exploration Limited	Jasi Nikhanj Vice President, Exploration	1700 Acquitaine Tower 540-5th Avenue S. W. Calgary, Alberta T2P OMO (403) 233-2218
Comaplex Resources International Ltd.	M. W. Pyke Vice President, Exploration	901, 1015-4th Street S.W. Calgary, Alberta T2R 1J4 (403) 265-6973
Echo Bay Mines Ltd.	J. R. (Ryan) Cook Exploration Manager	3300, Manulife Place 10180 - 101 Street Edmonton, Alberta T5J 3S4 (403) 429-5867
Freeport-McMoRan Gold Company	Dave Mayes, Acting Vice President, Canadian Exploration	57, 200 Granville Street Vancouver, B.C. V6C 1S4 (604) 684-4121

Company	Person	Address
Trigg, Woollett, Olson Consulting Ltd.	R.A. Olson, Partner	10504 - 103 Street Edmonton, Alberta T5H 2V4 (403) 425-8905
Urangesellschaft Canada Limited	Michael Stuart Executive Vice President	Suite 2812, TD Bank Tower P.O. Box 19, TD Centre Toronto, Ontario M5K 1A1 (416) 361-6060
Homestake Mineral Development Co.	Peter Ronning, Senior Exploration Geologist	604, 1380 Burrard Street Vancouver, B.C. V6Z 2H3 (604) 684-2345
Noble Peak Resources Ltd.	Norman H. Ursel, President	#1, First Canadian Place P.O. Box 24, Suite 5900 Toronto, Ontario M5X 1K2 (416) 360-8902